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## WORTH

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## NEWS SUMMARY

GENERAL BUSINESS

### Skylab pieces miss towns

Up to 1,000 red hot fragments of the disintegrated Skylab space station were reported to be flying across Australia after the spacecraft plunged into the Indian Ocean off the country's western coast.

A spokesman for the Western Australia emergency services said sightings had been reported from Perth, the inland mining town of Kalbarrie and the coastal towns of Esperance and Albany.

Kalbarrie airport reported about 20 to 50 pieces flashing overhead and heading inland towards land mainly inhabited by aborigines.

An hour after the first sighting there had been no reports of injuries or damage, nor of anyone finding pieces of the spacecraft.

A National Aeronautics and Space Administration official said in Washington that the biggest pieces of Skylab, one weighing more than 5,000 lbs, crashed into the sea.

### Labour row

The argument about power within the Labour Party developed yesterday with MPs from both Left and Right demanding more influence for the Parliamentary Labour Party at the expense of the party leader.

### Hunt abandoned

A search has been abandoned for top TV scriptwriter Ian MacKintosh, missing in Alaska with his 15-year-old daughter and Test selector Doug Insole, and pilot Graham Barber, a British Airways captain.

### Carrington trip

Lord Carrington, the Foreign Secretary, paid a surprise visit to Dublin, where he saw Irish Premier Jack Lynch and Mr. Michael O'Kennedy, his Foreign Minister.

### Sadat for Israel

President Anwar Sadat of Egypt has accepted an invitation to visit Israel at the end of next month, a continuation of negotiations with Israel's Premier Menachem Begin.

### Zambian defence

Zambia's Defence Minister Alexander Gwanzu is in East Germany working out details of an agreement for East German army officers to train Zambian troops to use Soviet weapons against Rhodesian aircraft and infantry.

### Shah's assets

Iran has appointed lawyers in Bern and Geneva to seek solutions in connection with Swiss assets of the Shah of Iran's family. It is claimed that over £10bn was transferred there in the final months of the Shah's reign.

### Briefly

Norway said it would accept 3,000 Vietnamese Boat People and called on other nations to accept more refugees.

Syrian security forces killed two men and wounded a third following two bomb attacks in Damascus.

Earthquakes killed at least 11 people in China's eastern Jiangsu province.

### Chief price changes yesterday

(Prices in pence unless otherwise indicated)

<b>RISES</b>	<b>FALLS</b>
Brown and Tawse... 132 + 6	Downing (G. H.)... 124 - 4
Carters... 124 + 4	EMI... 107 - 9
Christie-Tyler... 99 + 9	GEC... 350 - 8
Hollis... 74 + 4	ICI... 324 - 6
Imp. Continent Gas 536 + 6	Lloyds Bank... 330 - 5
Latham (J.)... 165 + 10	Metal-Box... 260 - 6
Other Expts... 42 + 5	NatWest Bank... 315 - 10
	Rank Org... 212 - 7
	Royal Insurance... 332 - 7
	Scottish Metro... 118 - 5
	Splinter... 92 - 10
	Tricoville... 78 - 15
	Trust House Forte 153 - 6
	Blue Circle... 478 - 8
	Barker and Dobson 191 - 5
	Blue Circle... 478 - 8
	Brown (J.)... 173 - 10
	Brown (H. P.)... 176 - 4

## Soundness of dollar not in doubt—Blumenthal

# Rising oil prices 'will lead to recession in U.S.'

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

With President Carter near the end of his week-long domestic summit at Camp David, his chief economic spokesman and the independent Congressional Budget Office came up with grave assessments yesterday of the impact on the domestic and international economy of the latest round of oil price increases.

The budget office analysis was released a day before the Administration is due to produce its mid-year review. Mr. Michael Blumenthal, Treasury Secretary, said that that was likely to show less sombre figures than contained in the budget office report and would at least demonstrate that a serious recession was still avoidable.

However, a recession, in the classical definition of two quarters of contracting industrial output, seems assured, even on Mr. Blumenthal's more guarded admissions. The budget office put it more bluntly. It concluded: "The most likely outcome for the remainder of 1979 is a mild recession with rising unemployment and high, but moderating, rates of inflation."

It added that any recovery next year would be weak by historical standards, with unemployment, a hypersensitive indicator in a presidential election, remaining at more than 7 per cent.

Specifically, the office predicted that the real growth in gross national product, the output of all the nation's goods and services, would range from minus 2 per cent to zero this year.

Consumer prices should rise in a range of 9.9 to 11.9 per cent next year, with 1.1 per cent added to existing inflation rates this year and 2.2 per cent next.

Mr. Blumenthal argued that the soundness of the dollar should not be doubted, and that, in spite of a higher oil import bill, the U.S. current account deficit would fall this year from last year's \$13.6bn and might even disappear next year through slower domestic growth, strong export performance and increased earnings on U.S. investments overseas.

He urged, however, that domestic economic policy needed to be re-oriented more heavily.

Continued on Back Page  
General Motors delays new cars. Back Page

## Ford Motor to buy 25% stake in Toyo Kogyo

BY JOHN WYLES IN NEW YORK AND CHARLES SMITH IN TOKYO

FORD MOTOR of the U.S. yesterday added to the growing number of equity links between international car companies by announcing that it had reached agreement to buy a 25 per cent stake in one of Japan's leading car and heavy machinery manufacturers, Toyo Kogyo, the maker of Mazda cars.

The agreement represents success at the second attempt for Ford, which tried unsuccessfully seven years ago to buy its way into Toyo Kogyo. It was anxious then and is now to follow a path blazed by General Motors with its 34 per cent stake in Isuzu and Chrysler, which has 20 per cent of Mitsubishi.

Toyo Kogyo, however, appears to be a better prospect because it is substantially larger than the Japanese partners of GM and Chrysler.

The announcement comes two months after the initial revelation that Toyo Kogyo was planning to transfer "around 20 per cent" of its share capital to Ford.

Equity links have become increasingly popular among the top international companies as they seek to develop global markets. As well as owning part of Mitsubishi, Chrysler has a 13.76 per cent holding in Peugeot Citroen following the sale of its European operations to the French company, and it is in a joint venture with Volkswagen in Brazil.

More recently Fiat of Italy has announced that it will take control of Spain's Seat while on the lorry front, Renault is buying 15 per cent of Mack Trucks of the U.S.

In Britain, EL is developing a new model with Honda of Japan, though there is no equity link between the two companies.

Ford's aim is for a significant expansion of its car and truck sales in the Asia-Pacific region.

The stake in Toyo Kogyo will be acquired via an exchange of the shares of Ford Industries (a Japanese subsidiary of Ford Motor) for Toyo Kogyo shares on a one-for-one basis.

The exchange will take effect on November 1 and will result in an increase in the total share capital of Toyo Kogyo from ¥25.7bn (£56.9m) to ¥34.3bn. The share capital of Ford Industries, at present only ¥16m, will be raised to the level necessary to match Ford's 25 per cent stake in Toyo Kogyo.

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## State may aid small companies

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A STATE-BACKED financial aid scheme aimed at encouraging venture capital companies to provide equity of up to £100,000 for small companies is being designed in Whitehall with the backing of Sir Keith Joseph, the Industry Secretary.

It is envisaged that aid would be provided under the Industry Act 1972, for a trial period of three or four years to subsidise venture capital companies for the administrative costs of lending to small companies and to underwrite their equity investments.

The fact that Sir Keith and his colleagues are prepared to consider such a scheme at a time when their main policies are aimed at dismantling the 1972 Act's selective industrial aid arrangements is an illustration of their concern about the need to encourage the growth of small companies.

They realise that the Budget's tax incentives will not do enough to release the entrepreneurial drive that they believe to be urgently necessary.

They are, therefore, now reviewing detailed forms of selective Government intervention, which could be used till the economy picks up.

One possibility is that the Industry's Department's regional small companies' counselling service will be used as a means of channelling risk finance to small companies.

The venture capital initiative follows a meeting last week of Sir Keith, Mr. David Mitchell, his small businesses Minister, and representatives of companies such as the Industrial and Commercial Finance Corporation, Midland Montague and Gresham Trust.

Details of the scheme were not discussed at the meeting. But the plan now being worked out by Sir Keith's advisers as a basis for consultation with those involved could involve a Government contribution of up to £5,000 towards the venture companies' administrative costs for each equity investment of between £10,000 and £100,000. There would also be a pledge to cover up to 50 per cent of the costs if a small company failed.

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## Evans warns: Don't be provoked

BY ALAN PIKE, LABOUR CORRESPONDENT

BRITAIN'S largest union was put on the alert yesterday for the coming pay round, but was warned not to be provoked too easily and to be sure that any battles were on ground of its own choosing.

Mr. Moss Evans, general secretary of the Transport and General Workers' Union, whose members were in the forefront of most of last winter's big disputes, told delegates to the union's conference at Scarborough that they must not be too easily provoked by Conservative policies.

In the past the trade unions had been blamed for inflation, and the general election result demonstrated that they had "lost the battle for the public's mind," Mr. Evans said.

The Government was now deliberately and cold-bloodedly creating inflation by its economic policies, and the unions must not fall into the trap of being held to blame for Conservative policies.

He warned: "The Tories would love nothing more than seeing all our troops rising up out of their industrial trenches, carrying the banner of a fixed percentage claim, and marching forward into a barrage of hostility, like lambs to the slaughterhouse of public opinion."

A Dutch auction of percentages was not the trade union movement's first priority in the face of the "inflationary provocation" of the Conservative budget.

debate pay and other economic issues.

Conference delegates almost unanimously supported a call from Mr. Evans to reaffirm the TGWU's belief in unfettered collective bargaining. Delegates declared their strong opposition to Government intervention in wage bargaining in the private or public sector of industry "through sanctions, formal incomes policies, or cash limits in the public services."

Free collective bargaining, said Mr. Evans, meant keeping all options open, and "thinking carefully about where we fight our battles instead of letting the employers and their Government friends choose the battleground, the timing and, most importantly, the issues themselves."

It would not be possible for the trade unions to turn the tide of Conservative inflation and regain public support, if they were too easily provoked.

## Choose

"The champagne bottles would come out in the Boardrooms, the Stock Exchange would jump—and especially so if we didn't do very well out of a pitched battle."

The unions must instead choose their ground carefully and, remembering that prosperity depended on developing the social wage alongside take-home pay, must not be deflected from key battles over issues like the 35-hour working week, longer holidays, and better pensions.

"We should not let the Tories narrow down our horizons with their provocative inflationary Budget, hoping to cut their costs and boost profits by diverting our energies into a single channel."

While Mr. Evans' speech sounded a firm note of caution about the way in which the coming year's pay claims should be handled, left-wing delegates departed from the conference well satisfied that the actual running will be made very much at local level.

It was this, during last winter's lorry strike, which led to concern in some quarters that the TGWU was exerting insufficient restraint over its members. But it is the union's firm policy that free collective bargaining means nothing unless pay claims are determined by the members themselves.

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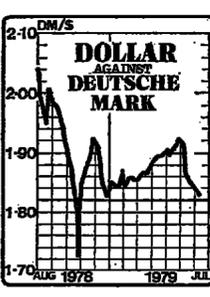
## Ability

Mr. Evans' remarks indicate that he would prefer to see the pay round develop on the basis of companies' ability to pay, with negotiators working to justify individual claims on merit, rather than on an all-embracing percentage norm.

He left no doubt, however, that the actual level of claims is for members to determine, and the TGWU leadership will attempt to impose no central control.

Free, unfettered collective bargaining meant "letting the members decide what they believe is best for them in their own circumstances and what ways are most practical for them to progress their demands."

Mr. Evans also said firmly that he would not be interested in joining the national economic forum which the Government is considering establishing to



## D-mark in strong demand

By Peter Riddell, Economics Correspondent

The Deutsche Mark was in strong demand yesterday ahead of today's meeting of the Bundesbank Council, which is expected to raise West German interest rates.

Widespread intervention by several Continental central banks, mainly selling Deutsche Mark and by the U.S. Federal Reserve limited the rise in the Deutsche Mark and the fall in the dollar.

The U.S. currency fell to DM 1.8247 at one stage—near its low for the year—before recovering to close at DM 1.8285. The Deutsche Mark also strengthened against the main Continental currencies.

Dealers recognise that a rise in German interest rates may make the D-mark more attractive. This could, intensify existing pressures on some of the weaker currencies in the European Monetary System.

The dollar was also weak on its own account yesterday because of further worries about the U.S. economy and energy policy. The dollar trade-weighted index, as calculated by the Bank of England, fell by 0.3 points to 84.4 for a decline of 3 per cent in the last six weeks.

In contrast, sterling strengthened and rose one cent to \$2.2325 after touching a peak of \$2.2450 in the morning.

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£ in New York

£	July 10	Previous
Spot	158.2195-2205	158.2065-2075
1 month	0.78-0.78 dis	0.80-0.74 dis
3 months	1.72-1.85 dis	1.78-1.72 dis
12 months	4.25-4.45 dis	4.30-4.40 dis

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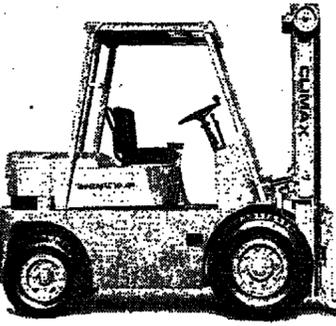
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EUROPEAN NEWS

Italy Communists back Berlinguer

BY RUPERT CORNWELL IN ROME

THE ITALIAN Communist Party's central committee has finally agreed on a new ruling hierarchy, a month after June's electoral reverse. This appears to leave the authority of Sig. Enrico Berlinguer, the Communist Party leader, largely intact, in theory at least.

Contrary to earlier speculation the committee, which ranks only second to the full party congress, did not appoint deputy secretaries, a step which would have formalised a more collegial approach to policy-making.

Nor has it set up a separate "political office" along the lines of that which existed between 1966 and 1975. Such a body could easily have become a new centre of power within the party leadership, and might have undermined the position of Sig. Berlinguer.

The new structure was announced only yesterday, after a further session of the Central Committee. Last week, the body spent four days of heated debate in an inquest on the party's sharp drop in support at the last general election.

However, Sig. Berlinguer, helped perhaps by the lack of any focus for opposition, maintained that the "historic compromise" with the Christian Democrats should remain the foundation of the party's strategy, even though he acknowledged the need for a closer relationship with the Socialists on the Italian left.

In fact, the failure of a clear new line to emerge reflects above all the uncertainty and persisting splits within the Communist Party over what to do to re-establish its electoral position. Both the historic compromise and the so-called "left-wing alternative" remain clouded by ambiguity. The issue has been confused further by the present attempt by Sig. Bettino Craxi, the Socialist leader, to form a Government.

Both the main day-to-day executive bodies have been streamlined. The Secretariat around Sig. Berlinguer has been cut from eight to six, while membership of the party's directorate has been reduced to 32 from 36.

Sig. Pietro Ingrao, the former National Assembly president and a rival in popularity to Sig. Berlinguer, has not entered the Secretariat, which remains the key grouping at the top of the party. Sig. Giorgio Napolitano, strong advocate of the "historic compromise," remains in



Sig. Enrico Berlinguer

the Secretariat, contrary to some expectations, with responsibility for the key area of internal party organisation.

Nor have any of the Communist Party's most outspoken hardliners been included. However, two former members closely identified with Sig. Berlinguer have been dropped. Instead, Sig. Adalberto Minucci,

previously editor of the party's weekly *Rinascita*, takes over Press and propaganda affairs, while Sig. Alessandro Natta, formerly head of the parliamentary group, takes over the job of "co-ordination" alongside Sig. Berlinguer.

Every sign is that divisions in the party have been exacerbated by the choice of Sig. Craxi to form a Government. Communist long dubious about the "historic compromise" see the possibility of a Socialist Premier as an ideal occasion for raising the standard of the so-called "left wing alternative" ruled out last week by Sig. Berlinguer.

This morning, Sig. Craxi meets Communist leaders to sound out their views. The initial Communist reaction to his initiative has been cautious, but not discouraging, but every-thing clearly will hinge on the Communist attitude should they continue to be excluded from Government posts.

The Christian Democrats have also been at pains to avoid dismissing Sig. Craxi out of hand. But party leaders have left no doubt that they intend to accept for terms, perhaps impossible, conditions before agreeing to serve under the Socialist leader.

Zambian defence chief in E. Germany

By Leslie Collett in East Berlin

MR. ALEXANDER GREY ZULU, Zambia's Defence Minister, is in East Germany at the head of a Zambian military delegation working out details of an agreement for East German army officers to train Zambian troops to use Soviet ground-to-air missiles and modern artillery.

General Heinz Hoffmann, the East German Defence Minister, who recently visited the Soviet Union for consultations on the joint military aid programme to the southern African "front line" countries, praised Zambia's "important contribution at the front of the African progressive forces."

The Zambian defence chief is to tour East German missile units which will be instructing Zambian troops, and is to attend artillery demonstrations in a six-day one month course to be held in East Germany late last month by Mr. Joshua Nkhomo, co-president of the Patriotic Front, whose headquarters are in Zambia. Herr Erich Honecker, East Germany's Communist Party leader and President, told Mr. Nkhomo that East Germany regards the visit as taking part in a war of liberation in the area.

Gen. Hoffmann said Zambia's air space is constantly being violated by Rhodesian aircraft, and that not every "settlement or refugee camp" can be supplied with air defence. He explained that the British colonial masters "have left behind a provoking legacy of illiteracy among the population, and that the handling of modern weapons is complicated."

"This is why the training of specialists, engineers and officers, as well as subalterns, is perhaps the most important contribution Socialist countries and armies can make in the spirit of proletarian internationalism," he said.

Schmidt may offer Oslo oil-for-investment deal

BY ROGER BOYES IN BONN

CHANCELLOR Helmut Schmidt of West Germany is to fly to Oslo today for talks with the Norwegian Government, mainly on ways of increasing co-operation on oil and gas.

One major theme in the Chancellor's talks with Bear Odvar Nordli, the Norwegian Premier, is expected to be the possibility of stepping up German investment in Norway in return for North Sea oil concessions or increased supplies of crude. The idea was first raised in German-Norwegian talks some years ago, but appears to have been shelved because of Bonn's doubts about the high cost of extracting North Sea oil.

There now appears to be a change coming. Dr. Volker Hauff, the German Technology Minister, tentatively agreed last month with his Norwegian counterpart, Herr Olav

Haukvik, on an energy co-operation programme, including off-shore technology and the construction of a gas liquefaction plant in Norway. A formal agreement is likely to be signed early next year, and could form the basis for an energy-for-investment deal.

Bonn is understood to be interested in making a similar arrangement with Britain. The German Government would be keen to see any such deal with Norway or Britain would be Veba, the large West German energy concern, and which, through its subsidiary Deminex, has significant North Sea interests. Veba is eager to secure guaranteed access to even greater oil supplies.

Norwegian oil is still relatively expensive, and Oslo ranks as a marginal supplier of crude oil to Germany. But the German reasoning appears to be that security of supply — especially after the troubles in

Iran — can often outweigh the price disadvantage. Norway supplied Germany with 2.6 million tonnes (2.6 million tonnes) of oil to the value of DM 566m (£140m) last year, compared with 1.6m tonnes in 1977. This pushing the trade balance in Oslo's favour. Norway exported DM 4bn-worth of goods — mainly oil and gas — to Germany last year, but imported goods worth only DM 8.1bn.

Gas has also become a more pressing issue between the two countries, after the threat to the Igt II pipeline between Iran and the Soviet Union. Under an exchange agreement, the Soviet Union was to have fed 5.5bn cubic metres of gas to West Germany in the 1980s. Norway supplies 10 per cent of Germany's gas and, on present plans, will supply 12 per cent by 1990. But this proportion may have to rise if there is a shortfall from the Soviet Union.

UK boosts W. German oil sales

BY GUY HAWTIN IN FRANKFURT

BRITAIN THIS year has become West Germany's fourth largest crude oil supplier. The Federal Republic's imports from the British North-Sea account for about 10 per cent of the country's total purchases.

Only Libya, Saudi Arabia and Nigeria supply more oil than Britain to West Germany. In the first quarter of the year Libya's shipments of oil to the Federal Republic were worth DM974.9m (£239.5m); Saudi Arabia's were worth DM689.2m and Nigeria's totalled DM682.7m.

Crude oil imports from Britain increased by 106.7 per cent to DM589.2m in the first quarter of this year. Britain's share of the Federal Republic's oil market almost doubled from 5.7 per cent to 10.3 per cent.

Shipments of UK oil to the Federal Republic are now greater than those of Iran,

which despite the heavy decline in exports following the revolution, remains Germany's second largest Middle East supplier. During the opening three months of this year Iran's shipments of oil to the Federal Republic fell from DM1.1bn to DM550.2m.

The trend towards increased German imports of UK North Sea oil appears to be continuing. Provisional figures for the opening five months show that UK imports from the UK totalled DM 990.5m compared with DM 484.7m in the same period of last year — an increase of 104.4 per cent. No market share figure, however, is yet available.

Despite the heavy increase in imports, which rose 20 per cent overall in value terms in the first four months, oil consumption in West Germany has

remained relatively steady. By the end of April the country's official oil stockpile had risen by 11.7 per cent — or 28m tonnes — to 32.4m tonnes. The country's oil stockpile then covered 106 days consumption against 99 days a year earlier.

The official oil stockpile figures, however, do not give the complete picture. Leading consumers of oil products, such as the chemicals industry, have also been building up their private reserves. The full extent of this build-up is impossible to determine.

Meanwhile, there are no real signs of an oil shortage here. Prices of motor fuel and heating oil have risen substantially, but there still seems to be plenty of it about. Some newspaper reports say garages are limiting petrol sales to 30 or 40 litres a time but, in contrast to Britain, this is still extremely rare.

Iran acts on Shah's Swiss funds

By John Wicks in Zurich

LAWYERS in Berne and Geneva have been appointed by the Iranian Government to "seek solutions" concerning Swiss assets of the Shah's family. But the major legal steps have been taken. Mr. Gholam-Ali Farivar, Iran's new Ambassador to Berne, said.

Earlier this year, the Swiss authorities refused a request from Tehran to block the Shah's family accounts in Switzerland, but drew attention to legal proceedings open to the Iranian Government. Mr. Farivar said he did not know how much money was involved, but expressed fears that withdrawals had been made.

A report prepared in March by the Swiss National Bank indicated that Iranian Bank holdings in Switzerland at the end of 1978 and six months earlier were only a fraction of the sums alleged by the Iranian Ministry of Justice to have been sent there.

The Ministry is reported to have claimed that the deposed Shah and his family transferred over \$21bn (£9.5bn) to Switzerland in the final months of the Shah's reign.

The Ambassador said Iranian-Swiss relations were excellent and had not been affected by the problem of the Shah's funds. The Swiss Federal Council has ruled that the revised National Bank Law should come into force on August 1. The law has already been approved by both Houses of Parliament.

The new legislation strengthens the position of the monetary authority, anchoring in permanent law National Bank measures hitherto dependent on temporary federal decrees.

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ETA bomb campaign called off

BY DAVID GARDNER IN MADRID

THE RECENT bomb attacks on Spain's Mediterranean tourist resorts seem to have ended, following withdrawal of parliamentary units from remains and galleries of the maximum security jail at Soria, northern Castile, where over 100 ETA suspects are being held.

This was one of the key demands put forward by the Basque guerrilla organisation's politico-military wing when it began its bombing campaign.

The paramilitary units, armed with machine-guns and anti-riot equipment, have not been withdrawn from the jail precincts. The cell and gallery duty, however, was the main cause of frequent incidents between prisoners and police.

The Government and prison

authorities are also considering the phased repatriation of the alleged ETA activists to Basque jails. This was the second of ETA's demands.

The Soria prisoners have been the subject of an extremely vocal campaign in the Basque country. But it seems likely that the most effective pressure came from the semi-autonomous Basque General Council.

It will certainly be seized on by the Government's opponents, particularly the Right, as giving in to ETA.

ETA (Politico - Militar) planted 13 bombs across Spain's southern and eastern coastlines in eight days, up to last Thursday, when the last explosion

occurred. Telephoned warnings were given in all cases, and no one except a Belgian couple who ignored police instructions, was hurt.

Spain's largest trade union, the Communist-led Comisiones Obreras yesterday led an unprecedented half-hour national strike in protest at forthcoming government legislation limiting the right to strike. The success of the stoppage, banned in Madrid and opposed by the Socialist Union General de Trabajadores is disputed. Officials of the Communist-led union claimed that stoppages of at least half an hour took place throughout the national railways, the car, steel, chemical, textile and engineering industries.

Spanish growth hit by oil prices

BY ROBERT MAUTHNER IN PARIS

THE SUCCESSIVE increases in oil prices this year will reduce Spain's rate of growth, give a further boost to inflation and adversely affect the country's balance of payments, according to the latest OECD forecasts.

In a special note attached to its survey of the Spanish economy, prepared in April this year, the Organisation's secretary admitted that its original forecasts had been overtaken by events. Real GDP was now

expected to grow by much less than the 4 per cent predicted earlier and the recent improvement in Spain's price performance was likely to be halted.

According to OECD predictions earlier this year, the rate of consumer price increases would be brought down from a yearly average of 20 per cent in 1978 to around 14 per cent in 1979. Though the secretariat has made no precise new forecasts following the latest oil price rises, it states that the

14 per cent figure will be substantially exceeded.

The report noted faster than anticipated progress had been made in restoring order to the balance of payments.

But the oil price increases and a slower growth in exports of goods and services could not fall to have an unfavourable effect on the balance of payments, and was likely to result in a substantially lower surplus in 1979 than the \$1.5bn forecast in the OECD's original report.

Corsican separatists jailed

By Terry Dodsworth in Paris

HEAVY SENTENCES were handed down on Corsican nationalist leaders yesterday at the end of a bitterly-fought trial at the French State Security Court on charges of provoking a bomb attack, possessing arms and attacking the integrity of the national territory.

The trial was widely regarded as a test case against the separatist Front for the National Liberation of Corsica, formed in early 1976.

Three of the leaders of this group were given what are considered to be exemplary sentences of 13 years imprisonment. Two others were sentenced to 10 years, and one of the other 16 accused, 11 were convicted for periods of between five and eight years.

During the case, the defence pleaded for an understanding of the political motives of the accused and an appreciation of Corsican separatist convictions.

When the sentences made it clear that this line of argument had not won the day, the court audience erupted with shouts of "Out with the French" and a vigorous rendering of the revolutionary Corsican liberation song.

Denmark plans rationing to replenish fuel stocks

COPENHAGEN — The Danish Government moved yesterday to introduce rationing of fuel and diesel oil to secure the energy needs of industry and public transport and to help replenish the nation's dwindling stocks of oil.

In a memorandum to Parliament's energy committee, Mr. Arne Christiansen, the Trade Minister, said the energy situation is now so serious that restrictions have become necessary.

Only last month parliament imposed hefty surtaxes on oil, petrol, electricity and heating or cooking gas in a measure to curb consumption. Petrol saving speed limits have been in force for nearly a year, but government plans for a compulsory weekly car-less day for all motorists were dropped last month in the face of solid opposition and strong doubts about the practicability of the scheme.

Mr. Christiansen, who is empowered to act without Parliamentary approval, did not say when the restrictions would come into force.

Greece staggers civil servants' work hours

By Our Athens Correspondent

THE GREEK government has introduced a system of staggered working hours for state employees, as part of its plan to lessen the impact of the energy crisis.

The new timetables affect civil servants employed in Ministries, public agencies, state-controlled organisations and local government services. They are aimed at relieving strains on public transport and easing traffic congestion.

Tories may support Mme Veil

BY ELINOR GOODMAN IN LUXEMBOURG

MME. SIMONE VEIL yesterday increased her chance of becoming the President of the European Parliament, with what was apparently a very impressive guest performance at a meeting of the newly-formed European Democratic Group.

The British Conservatives, who dominate the group and could hold the balance of power in next week's presidential election, will not formally decide who they will support until today. But the signs after yesterday's meeting were that the majority would back her.

Even so, Mme. Veil, who resigned as French Minister of Health to pursue a career in European politics, is still not guaranteed the united support of all the parties which make up the loose Centre-Right alliance in the Parliament.

Her involvement with abortion reform, coupled with her close association with the Elysee, was yesterday still worrying some Italian members of the Christian Democratic group, whose support she will also need if she is to be elected.

Because of an informal agree-

ment between the parties of the Centre-Right in the old Parliament, it was generally acknowledged that it was the Liberals' turn to provide the presidential candidate.

On Tuesday, Mme. Veil beat M. Gaston Thorn, the former Luxembourg Prime Minister, by three votes for the Liberal nomination. But the other parties in the alliance had reservations about her selection, and in two minds as to whether to stand by the agreement or to field candidates of their own.

William Dullforce, Nordic Correspondent, examines Sweden's experimental lowering of train fares.

A bold move to put Swedes back on the rails

THE SWEDES may not have solved the riddle of how to run a railroad in modern times, but their exciting cheap fare experiment is being closely monitored by railway managers the world over. The initial public response to the drastic 50 per cent reduction in passenger tariffs has far exceeded expectations. The exhilaration at the State railway (SJ) headquarters in Stockholm's central station is almost palpable.

On June 27 SJ dropped its return fare rebate and reduced its single fares by 30 per cent. At the same time, it offered a further 40 per cent discount on these fares on any day except Friday and Sunday for travellers producing a special cheap fare card. This costs SKr 75 (28) second class and SKr 115 (43) first class, and is valid for one year.

After the first 10 days SJ estimated that it had sold nearly 80,000 of these cards, twice as many as it expected to sell. Ticket clerks at the central station complained that they could not cope with the demand.

It was too early to calculate the increase in passenger traffic accurately, but the first rough cast indicated a rise of 13 or 14 per cent. It was in any case considerably higher than the initial 8 per cent rise SJ had hoped for, and the more surprising because Swedes usually arrange their holiday travel well in advance.

In any case, SJ has clearly attracted travellers away from

other modes of transport. This is no mean feat in a country with an excellent road network and with 2.9m cars for a population of 8m. The question now is whether SJ can consolidate the initial impact of its price cuts.

The Swedish rail experiment must be put into perspective. It is not intended to make SJ commercially profitable. Like most State railways, SJ has inherited a network, some parts of which have no economic justification but which, for local political reasons, it cannot get rid of. It receives a substantial State subsidy to operate these lines.

It will need to generate a 20 per cent increase in passenger traffic to compensate for the loss in revenue from its fare price reductions. While the initial response has been extremely strong, SJ still has to prove that it can meet that target in the longer term.



In Stockholm, now everyone can afford to take the train.

this year which, in the words of Mrs. Agneta Bondestam, the Communications Minister, aims at "reviving railway traffic, restoring its market share and re-establishing the strength of the railways overall."

The Government, Mrs. Bondestam says, has made "a serious effort to penetrate the problems of railway investment." The groundwork for the new ACT was prepared by a special policy commission whose experts undertook a new cost benefit analysis of all Sweden's inland transport systems.

Few Members of Parliament can have followed this detailed

study of the marginal social costs involved. But a majority of them accepted the (simplified) conclusion that railway passengers were being asked to pay relatively more of the heavy fixed costs of the railways than car owners were paying for the use of the roads, and that an increase in the use of the railways would be socially beneficial.

Mr. Bengt Furback, SJ's director-general, has a more practical approach. For him, the problem was to make use of the spare capacity on the five off-peak days of the week. With half the passenger traffic occurring on Friday and

Sundays, SJ's rolling stocks had been planned to cope with that peak demand with the result that much has remained idle at other times.

In 1968 and 1970 SJ carried out a small fare-cutting experiment on the Stockholm Västerås line. The number of passengers went up but the railway found that it was covering only 85 per cent of its costs and, in line with the strict commercial principles the management was then trying to apply, the experiment was halted.

SJ executives were left, however, with the nagging feeling that a bolder low-price policy might have succeeded. With the

backing of the latest cost-benefit analysis they have now been given the go-ahead for the halving of passenger fares, which they believe to be unique in railway history.

The new Act has opened the way to other changes. Under previous legislation, SJ's operations were separated into two categories. A so-called business network carried 92.5 per cent of the passenger traffic on less than half of the 12,500-km track. This network is supposed to make a return on State capital invested, which varies with other interest rates and has been set at 8 1/2 per cent for 1979-80. The other, so-called low tariff network, is run on a State subsidy.

For four years earlier this decade SJ showed a profit on its business network but its "social" return target was not met. For the past three years the reduction in goods traffic occasioned by the Swedish economic recession has kept it in the red.

In 1978-79 the State capital investment in SJ was SKr 764m (284m). The Government will also cover the SKr 181m operating loss (made on a SKr 5.5bn turnover) by allowing SJ to cut its depreciation charges, and will waive the SKr 150m interest which the State railway should have paid on its capital.

The subsidy for the low tariff network was SKr 715m. The new Act expands the "business" network into

national network incorporating 7,600 of the 10,800 kms of track — mainly passenger, and accounting for 92.5 per cent of total passenger traffic.

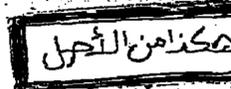
The 1,700-kms of track which takes 0.8 per cent of the traffic can be closed down if the regional authorities agree; their approval is encouraged by an offer to transfer to their road services the subsidy now paid to the rail track. A new study will decide the fate of the remaining 1,800 kms of passenger-carrying track.

The Act sets new standards for the national network, calling for faster traffic and higher axle weights. SJ has been asked to submit detailed capital costs for these improvements. Its preliminary estimates indicate that some SKr 1.2bn a year will be needed through the 1980s.

SJ has always been efficient — railways go. It has cut its operating costs by half since the 1950s, and doubled its traffic load. Mr. Furback believes the new policy will make it a more effective competitor with road and air transport.

The most important factor could be the development of off-peak and holiday services, rather than enough passenger, rail ways are less costly than other forms of transport.

But over the next year the focus of interest will be SJ's imaginative price-cutting experiment.



Handwritten note in a box: *السكينة*

# Saudis stop new contracts amid budget uncertainty

By James Buchan in Jeddah

SAUDI ARABIA'S Finance Ministry has once again ordered a freeze on new government contracts in an attempt to curb government spending, according to bankers in Riyadh.

The freeze, which came into force with the announcement of a SR 160bn (\$47.8bn) State budget at the end of May, falls well short of the 50 per cent in last year's budget ordered by the Finance Ministry. That was intended to curb waste and to keep expenditure more in line with revenue. Even so, ministries have now been told they may not enter new agreements, at least until after the Ramadan fast ending in the last week of August.

The instruction is understood to have been designed to restrain spending until the revenue picture is clearer. At present, uncertain levels of oil production and prices make economic planning difficult. Saudi Arabia is expected to announce soon that it has in-

creased its production for the third quarter, by up to 1m barrels a day. This extra production comes from the fields operated by the Arabian American Oil Company and is above the \$5m b/d official production ceiling.

Last year, despite the budget cuts, Saudi Arabia ran a budget deficit of SR 14.5bn (\$4.02bn) which necessitated drawing on state reserves. This year's freeze is designed to reduce the risk of large-scale deficit spending, bankers say.

Saudi officials are keen to persuade other governments that their oil price policy is not dictated purely by financial needs. When an unspecified oil output increase was announced earlier this month a spokesman for the royal court said extra money was needed for the development programme.

Projects affected include contracts signed towards the end of last financial year—most notably the \$1.5bn computerised

missile site co-ordination system, ordered from Litton Industries of the U.S. in mid-April.

The Cabinet will probably meet in September to decide on spending priorities, and an increase in the overall budget is not ruled out. The budget agreed in June represented an increase of only eight per cent over last year which, at present inflation rates, represents no increase in real terms.

The present budget could have been covered at the June Aramco production level of a little over 8m b/d. Since then Saudi Arabia has agreed to an increase of over \$3 in the price of its Arabian Light crude.

Whatever the financial background, observers see political reasons behind the production increase—which will almost certainly amount to 1m b/d. They say it is designed to reduce upward price pressure from other producers who have pitched their prices above Saudi Arabia's.

# Nigeria poll dominated by ethnic loyalties

By Mark Webster in Lagos

ALHAJI SHEHU SHAGARI, presidential candidate of the National Party of Nigeria (NPN) expressed disappointment yesterday at the strong showing of ethnic loyalties in the first round of voting in Nigeria's general elections.

Results were still coming in for the 95 seats in the senatorial election held on Saturday.

Alhaji Shehu's NPN was leading the field in seats so far declared, with the Unity Party of Nigeria (UPN), headed by Chief Obafemi Awolowo, close behind. In third place was Dr. Nnamdi Azikiwe's Nigerian People's Party (NPP). None of the parties can now win an absolute majority.

Because each party has performed best in the region from which its presidential candidate comes the PNP has taken most of the northern states, the UPN has taken the western states and the NPP has captured the old Ibo heartland of the East.

Mr. Begin's Government has small scope for curbing deterioration of the economy, Anthony McDermott, recently in Tel Aviv, reports

# Israel inflation nears 100%

THE FOREIGN policy achievements of Mr. Menachem Begin, Israel's Prime Minister, should have put his Government in an unassailable position for the next general election, due in just over two years.

But the political benefits of the peace treaty with Egypt, provided it holds, have been seriously eroded by an economic policy which may well result in the annual inflation rate topping the 100 per cent mark by the end of the year.

Furthermore, economic developments likely in the coming months and years, taken with the structure of Israel's budget, give Mr. Begin's Government precious little scope for curbing the deterioration.

That is not to suggest that Israel is visibly on the edge of ruin. Sales of consumer goods are booming. Israelis spend rather than save as they see prices going still higher. On the sabbath the seaside is crowded with bathers and yachts, and the streets clogged with cars. Light aircraft write advertisements in the sky or trail them on banners above the beaches.

Most Israelis are cushioned psychologically by index-linked savings bonds and wages, and the economy, in broad terms, is aided by a growth in foreign reserves, together with aid and grants mainly from the U.S. and West Germany. Nevertheless there is increasing concern.

Monitoring of the economy has been neglected somewhat because of preoccupation with the rapprochement with Egypt. Just before the momentous Sadat visit, one of the first acts of the new Begin government was to announce a new economic policy in October 1977.

The main features were: the Israeli pound was floated and foreign exchange controls relaxed; importing was made easier and export subsidies abolished; purchase tax was reduced and value-added tax increased from 8 to 12 per cent; a number of Government subsidies were cut back.

Perhaps relevant to this is the structure of the Likud coalition. The main components are Mr. Begin's Herut faction and the Liberals. The former draws its support from the urban lower classes and gives Mr. Begin a genuine populist concern for the less well-off. The latter's constituency is mainly among the middle class. In the allocation of cabinet posts the chief

economic ministries went to the Liberals. As a result economic policies are perhaps more liberal than Mr. Begin would have liked.

The effects of the new policy have not been all bad, confounding those who prophesied total doom at the time. Foreign exchange reserves have doubled since 1977 to about \$3bn. Foreign investments, although still relatively small, almost doubled in 1978 to reach \$208m. Exports have risen from \$3bn in 1977 to an estimated \$4.3bn in 1978, though the growth rate is falling and the trade gap has widened.

The International Monetary Fund, in a recent report, praised the external liberalisation but condemned domestic policies.

Initially, the priority of the Government was the resumption of economic growth and the balance of payments. In the former case, there has undoubtedly been success after a period between 1975 and 1977, when the GNP annual growth rate averaged 2 per cent. Since then it has risen to 5.2 per cent in 1978, and should reach 6 per cent this year. The main areas of expansion have been in the construction and industrial sectors.

On current account, the balance of payments has been gradually improving from a peak deficit in trade and services of \$4.08bn in 1975. This was reduced to \$2.56bn in 1977, but rose again to \$3.4bn the following year. Depending to a degree on the level of defence imports, a further deterioration is expected this year as a result of higher oil prices, the cost of imported goods, and the impact of redeploying Israel's defence establishment in Sinai.

On capital account transfers (mainly from the U.S. and West

# Defections cost Desai his majority in Parliament

By our foreign staff

THE GOVERNMENT of Mr. Morarji Desai, India's Prime Minister, lost its overall majority in Parliament yesterday when 19 more members resigned from the ruling Janata Party.

A total of 46 members have resigned from the party since Parliament reopened last Monday, and Janata's strength is now down to 255 in the 544-seat Lok Sabha (Lower House).

The latest resignations came as the Lok Sabha started debating a no-confidence motion tabled by the opposition Congress Party. The vote on this is due on Monday after Mr. Desai has replied to his critics. For the time being, it seems likely that the Government, with the support of regional and other parties, will carry the day.

Both the resignations and the debate are largely over the vexed issue of relations between Hindus and Moslems. At two of the 49 Janata members who have resigned from the party have joined ranks with Mr. Raj Narain, a former Health Minister who had

demanded the expulsion from the Janata Party of the faction of Hindu nationalists known as the Jana Sangh.

Mr. Narain has added to the intricacies of Indian party names by calling his breakaway faction the Janata (Secular) Party.

The debate comes after mounting communal violence, in which 146 people have been killed and 812 injured in the first five months of this year. Mr. Yeshwantrao Chavan, leader of the Congress Party, described the recurring riots as "the most shameful thing happening in the country".

He said the Janata leadership had brought about a "crisis of confidence". Mr. Desai's Government had scrapped independent India's tradition of secular politics.

The Congress (I) Party of Mrs. Indira Gandhi initially hesitated before supporting the no-confidence motion. It is disturbed because it has been displaced by Mr. Chavan's party as the major opposition party.

Editorial comment, Page 24

# Iran cuts off all foreign aid except to OPEC

By our Tehran correspondent

IRAN HAS cut off all financial aid to foreign Governments and institutions except the OPEC fund which helps poor countries pay their oil bills. Even that aid is under review, an official of the Ministry of Economy and Financial Affairs said in Tehran yesterday.

The former regime committed some \$548m (£249m) in development aid to Jordan, Pakistan, Afghanistan, Saudi Arabia and Senegal, and grants to an Oxford college library in the U.K., the Pepperdine University in the U.S., and the Notre Dame Hospital in Italy. About \$100m (£45.4m) of this aid had already been given.

The biggest recipient was Jordan, whose King Hussein was a close friend of the Shah. Iran donated \$10m (£4.5m) for construction of military housing in Jordan and another \$37m (£16.8m) for other development.

Pakistan received \$8.5m, Afghanistan \$5.6m, Senegal \$2.5m and Saudi Arabia \$100,000 under similar foreign aid schemes. The grant to Saudi Arabia was earmarked for set-

ting up an Islamic news agency there.

The official said the aid was being stopped because "a great portion of the Iranian people are suffering from poverty and hunger." The statement reflects the inward orientation of the Islamic Republic.

The former regime had undertaken to pay \$420m in aid to the OPEC fund, but revolutionary officials think this excessive, particularly when Saudi Arabia, the world's biggest oil exporter, is contributing only \$415m.

The amount of Iranian aid to OPEC will be determined on a "logical and correct basis," the Government spokesman said.

AP reports from Abadan: Armed Iraqis and other "counter-revolutionary" elements landed on Iran's Minou island in the Shatt-al-Arab river between the two countries on Tuesday night and clashed with Iranian security forces. Reporting the incident, officials said one Iranian revolutionary guard was killed and one Iraqi wounded.

# Sadat plans to visit Haifa

By Roger Matthews in Cairo

PRESIDENT Anwar Sadat has agreed to visit Israel at the end of August, it was announced in Alexandria yesterday after two days of talks between the Egyptian leader and Mr. Menachem Begin, the Israeli Prime Minister.

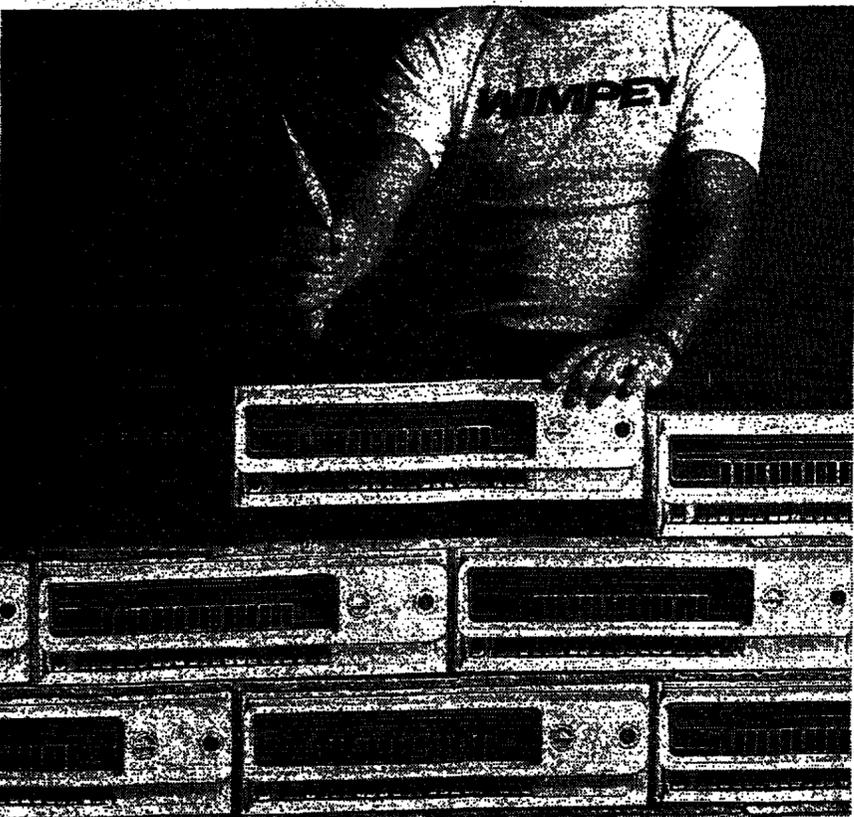
Mr. Sadat will stay in the port city of Haifa during his visit and his acceptance

of Mr. Begin's invitation indicates the determination of both men to continue talks as a regular process of working towards normal relations between the two countries.

Officials emphasised that the talks were not just "very friendly and relaxed," but had dealt with substantive issues.

The instruments the Government can use are limited. Subsidies could be cut back, but this would hit the poor. The budget could be cut back, but where? Defence expenditure has been reduced slightly, but further cuts would cause distinct unease to a security-conscious nation.

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AMERICAN NEWS

WORLD TRADE NEWS

Britain moving towards recognition, says Bishop

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

BISHOP Abel Muzorewa declared here yesterday that it was now "clear" that Britain was moving towards diplomatic recognition of Zimbabwe Rhodesia and an end to economic sanctions.

He described Lord Carrington's exposition of the latest British thinking on his country as "very good," but said that Britain was moving at its own pace towards normalisation of relations. He had no intention of exerting pressure for faster progress.

The Bishop also said that he did not have to take further steps to change the Zimbabwe constitution so as to minimise the blocking power over change now exercised by the white minority. But he agreed that "the time is now" for Britain and the United States to come up with concrete proposals in this direction.

Although at a breakfast meeting organised by Foreign Policy magazine here, the Bishop refused to say what had come up in Tuesday's talks with Mr. Vance, the Secretary of State, or what he would put to President Carter at Camp David yesterday afternoon. It is clear that the U.S. is impressing on him the imperative of constitutional change.

In the U.S. view, the Bishop may be under the illusion that if Britain recognises his Government and ends sanctions, the rest of the world would soon follow suit. Both Mr. Vance and Mr. Carter. It is believed, are trying to convince him that this cannot be taken for granted.

But, at the same time, the U.S. is stressing that if the Bishop does show himself receptive to constitutional change to lessen the whites' veto power — plus removing Mr. Ian Smith from the Government — then benefits could accrue.

One U.S. proposal envisages economic assistance to Zimbabwe Rhodesia and the promise of both diplomatic recognition and a lifting of sanctions by the U.S. if the Bishop agrees to new elections or a referendum on constitutional change, supervised by an external presence composed of either British, Commonwealth, or UN representatives, not necessarily involving the use of outside troops.

If this could be arranged, the U.S. would, in a significant departure from past practice, be prepared to approach the Front Line States and ask them to stop military support for the Patriotic Front forces, arguing that a peaceful resolution to

the Zimbabwe problem is in both the economic and political interests of the Front Line leaders.

This does not necessarily mean that the U.S. is dropping its support for an all-party conference; instead it represents a shift to the view that without internal constitutional change the prospects for a peaceful resolution and widespread international recognition of the Muzorewa regime are dim, regardless of what Mrs. Thatcher's Government decides to do.

The most that the U.S. is hoping for at present is, that in the month leading up to the Conference in Lusaka in August, the Bishop will at least show some receptiveness to the possibility of re-writing the constitution.

At his breakfast appearance yesterday, there was no indication of this. He said that it was unreasonable to alter a constitution which had been in effect only for a little over a month, that the white presence and authority was necessary for economic reasons. Mr. Ian Smith, he said, was a single member of a minority faction in the Government, in no way constraining the effectiveness of the majority.



Mr. Vance with Bishop Muzorewa in Washington this week.

It was a testament to his Government's belief in democratic practices, the Bishop said that it had not either executed or sent into exile previous political leaders.

Moreover, he argued that he had already held out the olive branch of both amnesty and dialogue to the Patriotic Front hierarchy and to the heads of the Front Line States, but had been answered only with an escalation of hostilities.

EEC facing dilemma on Portuguese textiles

By Rhyss David

THE EEC COMMISSION is expected to respond soon to an urgent appeal by Portugal for a relaxation of the quotas on its exports of textiles and clothing, particularly to the UK.

As a result of strong demand from customers, who include some of the big British retail groups, the Portuguese have used up well over half their quota for the present year in some products. They warn that some companies could be placed in financial difficulties if they have to halt deliveries of goods already ordered.

The bill was approved yesterday by the full House of Representatives — the lower House — by a vote of 395 to 7, and the Senate Finance Committee is scheduled to vote today.

But the committee has warned the Administration that it will not let the Bill out of committee for consideration by the

Carter concern on energy may delay Trade Bill

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT CARTER'S pre-occupation at Camp David with energy and economic policies appears to be threatening his hopes of speedy Congressional passage of the Trade Bill.

The Administration had promised Congress to disclose its reform package by Tuesday and, in fact, Mr. Carter was to have received final option papers from his own advisers for a final decision last week. But Mr. Robert Strauss, the special trade representative, was obliged to inform Congress on Tuesday that the President had been too busy with other high priority subjects at Camp David to authorize a proposal.

As a result, Senators Ribicoff and Roth told Mr. Strauss that the Bill will not be released from committee until the Administration's proposals are received on Capitol Hill.

There are two versions reorganising the trade bureau-

cracy before the President one drawn up by the Office of Management and Budget (and essentially supported by Mr. Strauss), the other by the State and Treasury Departments working together.

But neither version, it is thought, will satisfy those in Congress who want the creation of an entirely separate Trade Department.

It is still unclear at this stage how determined the Senators are to hold the Trade Bill hostage to bureaucratic reform. The Administration's timetable has been adhered to so far, and the plan was to have Congress finally pass the Bill before the August recess. It has already been unanimously approved by the House Ways and Means Committee, thus almost assuring beyond any doubt passage by the Full House, and the Senate's concurrence has also been taken for granted.

Canadians face petrol shortages

By Victor Mackie in Ottawa

CANADIANS used more petrol last spring than either the oil companies or the Federal Government's energy planners had forecast. If the trend continues through the holiday months, consumers in Ontario and Quebec could face spot shortages especially of the harder-to-make premium unleaded petrol.

These shortages would lead to dangerously tight oil supplies in Eastern Canada in the late winter, it was reported yesterday. The National Energy Board is playing down the increase in consumption, to try to avoid the panic problems which have developed in the United States.

In April, demand for petrol grew by a disturbing 6.2 per cent in Canada, and by 7 per cent in the Eastern provinces. The increased consumption is thought to be due to more Canadians spending their holidays at home.

Reuter adds from Washington: The U.S. should reject proposals to use wheat as a weapon against the oil-exporting Middle East countries. Mr. Thomas Foley, chairman of the House Agriculture Committee, said. Support has emerged in the American farming community for the formation of a cartel of grain-exporting nations to hold back grain exports to the Middle East until the price of wheat is brought up to the price of oil.

Strike threatened at Goodyear

BY JOHN WYLES IN NEW YORK

THE UNITED Rubber Workers yesterday threatened a strike of its 22,000 members at Goodyear Tire and Rubber Company unless the number one U.S. tyre producer signs a new three-year pay deal, already agreed by its three main rivals.

Tyre industry negotiations are traditionally settled on the basis of a pattern agreement with one of the four major companies, which is then applied by the other three. The URW accepted a package from B. F. Goodrich last month which has also been endorsed by Uniroyal and Firestone Tire and Rubber Company.

However, the Council on Wage and Price Stability, which

administers the Government's pay policy, has already declared that the pattern deal probably breaches the guidelines limiting pay and benefits increases to 22.5 per cent over three years.

The council estimated its likely value at 25 per cent and warned that the offending companies might find themselves denied federal contracts under the sanctions policy aimed at enforcing the guidelines.

It is by no means clear whether Administration pressure is influencing Goodyear's approach to its talks with the URW. A union spokeswoman said yesterday that the strike would be called from midnight on Monday unless the pattern

settlement was endorsed. "We are not interested in negotiating a different contract, we want them to follow the others," she said. Goodyear was not happy with the pattern deal, she added, and was just "waffling."

Rising feedstock costs, the sharp drop in new car sales and the economic slowdown have begun to affect the tyre companies. Goodyear warned earlier this week that its second-quarter earnings would be "disappointing" and indicated that it was still carrying above-average inventories, which had been built up in the first quarter as a hedge against a possible URW strike.

Generals 'not at ease' with treaty

BY DAVID BUCHAN IN WASHINGTON

SALT II was a useful but modest step towards arms control and would not by itself arrest "the very dangerous adverse trends" for the U.S. in the Soviet nuclear build-up, Gen. David Jones, chairman of the Joint Chiefs of Staff, warned the Senate yesterday.

This was a "softer sell" for the treaty than U.S. military officials than the Carter Administration might have hoped for. Senior officials have this week emphasised the diplomatic and political costs if the U.S. Senate rejects the treaty and Mr. Cyrus Vance, the Secretary of State, somewhat melodramatically expressed

doubt about whether the NATO alliance could survive the defeat of SALT II.

Gen. Jones said that he had no doubt that SALT II would improve U.S. military security. But speaking for the Joint Chiefs, he said: "None of us is totally at ease with all the provisions of the agreement."

His public reservations will undoubtedly provide ammunition for Senate opponents of the treaty, signed last month in Vienna. One unofficial count shows that some 30 senators in present opposition to the treaty, only four short of the number needed to block its ratification.

Speaking on the third day of Senate Foreign Relations Committee hearings, the general expressed disappointment that the Soviets had not been further restricted over heavy SS-18 missiles and their Backfire bombers.

In addition to Gen. Jones's caveats, the senators were treated to an almost school-masterly lecture from Mr. Harold Brown, the Defence Secretary, attempting to lead them through the intricacies of nuclear theology so that they could in the coming months come to a reasoned assessment of the treaty.

U.S. prepares for doubled influx of Indochinese refugees New ingredients in the melting pot

BY OUR OWN CORRESPONDENT

A WEALTHY South Vietnamese manufacturer arrived destitute in the U.S. four years ago with the first wave of refugees after the defeat of the Saigon government. The only work he could find was as a plumber's mate, but he accumulated capital, and is now preparing to open a shrimp cracker factory.

His story is an example of the kind of successes the early Vietnamese immigrants have achieved here. More than 206,000 Indochinese refugees have settled in the U.S., and President Carter has doubled the quota to admit 14,000 "boat people" a month.

As a group the first settlers are doing well, says Dr. Darrel Montero, a University of Maryland professor and author of a

new book, "Vietnamese Americans." In his research on the first 140,000 refugees who settled here, Dr. Montero has found that 94 per cent of those who sought jobs are employed and earning steadily rising incomes; 90 per cent have incomes from wages and salaries rather than public assistance; and 51 per cent have combined household earnings of \$900 a month or more.

Immigrants who do not speak English are not handicapped—about 89 per cent are employed.

The first South Vietnamese arrivals were greeted with mixed feelings. Guilt about the war mingled with fear that the new arrivals would become a burden to the State, or worse,

take over scarce jobs at a time when the U.S. unemployment rate was 9 per cent. Gallup poll found 34 per cent of the American people were against resettling Vietnamese in the U.S. But incidents of outright hostility were very isolated, the worst being the burning of a Vietnamese-owned fishing boat in New Orleans.

With the U.S. again sinking into a recession, the coming of vast numbers of new refugees will once more strain American hospitality. Although their predecessors are adjusting well, the newcomers will have more difficulty.

Two thirds of the first wave were urban Vietnamese from prosperous families. Many were the country's educated elite, who spoke English and had worked with the Americans.

Among them were the famous and the infamous. Former Prime Minister Nguyen Cao Ky now runs a liquor store in Los Angeles. General Nguyen Ngoc Loan, the man whose picture was printed world-wide as he executed a bound Viet Cong prisoner in 1965, was discovered by the Press running a restaurant in a small Virginia town.

The boat people, on the other hand, are mostly simple Indochinese farmers and fishermen, some of whom are illiterate in their own languages. Few speak English.

With a special federal programme paying the bill—\$43.9m so far—the immigrants are resettled by private charitable organisations like the U.S. Catholic Conference and the Lutheran Immigration and Refugee Service. Families are placed with "sponsors" who

help them adjust, find homes, jobs and training. Groups of refugees were carefully distributed throughout the country to ease the impact of their arrival. Most of them stayed just long enough to earn some money before heading for friends and families settled in large cities.

They have shown a preference for climates resembling their homeland, so one out of four has settled in California. More than 15,000 have gone to Texas, and others are forming large enclaves in Pennsylvania, Virginia, Louisiana and New York. Many are going to Iowa, where local agencies have made concerted and apparently successful efforts to integrate the refugees.

The "boat people" have the extra advantage of aid from some of the 200 ethnic self-help organisations which have sprung up in the past four years.

What resentment remains towards the settlers is mostly expressed by lower-income groups who feel their jobs are threatened. A black community centre director in Iowa who helped seven Vietnamese families settle said he was amazed at how quickly they were accepted for employment. "The employers took them much quicker than they would the black male," he complained, because "Americans have opened their hearts to these people."

Dr. Montero feels there is still some general prejudice against Asians. He quotes one of the plight of the "boat people" saying: "If a boatload of Frenchmen had sunk, the Seventh Fleet would be searching for them. But thousands, perhaps half of those who escape, are drowning. If they were white they wouldn't be ignored like this."



LEFT: Gen. Loan, running a restaurant in Springfield, Virginia.

Mixed outlook for UK invisibles

BY LORNE BARLING

BRITAIN'S net invisible earnings this year are expected to increase by five or six per cent and the service industries concerned should hold or increase their share of world invisible trade, the Committee on Invisible Exports said yesterday.

The main reasons for the rather low predicted rise in earnings were given as the pessimistic view of the real growth in the world economy and the volume of world trade in services, and growing pressures on margins.

The forecasts were made in the committee's annual report and were based on a survey carried out recently. The most optimistic response came from consulting engineers, insurance brokers and the travel and civil aviation industries, which expected "a healthy rise in earnings."

Banking groups expected an increase in their market share, with the clearing banks the most optimistic. A modest rise in earnings was predicted by the export houses.

North and South America and South East Asia were expected to be the areas offering the greatest opportunities, while growth of business in Western Europe was thought to be less promising.

The chairman of the committee, Sir Francis Sandilands, said in the report that against the background of world recession, escalating service charges relating to North Sea oil, the private invisible surplus had remained remarkably constant, in the region of £4.5bn over the past three years.

The main pressure on the surplus had come from govern-

ment transactions, on which the net deficit had grown from £2.2bn to near £3bn in two years alone. This was due largely to increases in net EEC contributions.

A striking feature to emerge from 1977 figures on the gross and net invisibles performance of major countries was the tendency for the gap between surplus and deficit countries to widen.

Nearly all those countries in surplus tended to increase their surpluses, while generally deficit countries increased their deficits.

The United States had made the largest surplus of \$21bn, followed by the UK with \$5.3bn, while at the other end of the scale Canada, Saudi Arabia and West Germany all had deficits of more than \$7bn.

Swiss to extend customs preferences to China

BY JOHN WICKS IN ZURICH

THE SWISS Government is to extend customs preferences to China similar to those already granted to other developing countries in the Southeast Asian area.

A statement by the Federal Council in Bern expresses the Swiss view that China is "without doubt" to be considered a developing country in the light of its economic situation. The granting of customs preferences is seen as promoting trade between the two countries, which in recent years has reached an annual total of SwFr 220m-250m (£82.8m-£71.4m) but with a surplus in favour of Switzerland.

Such sectors as textiles and shoes, where Chinese industry is considered competitive, have been excluded from the duty preferences.

In a related development a

10-year programme has been signed by representatives of the Swiss and Soviet Governments for the development of economic, industrial and scientific links between the two countries. The programme, whose central element is a "list of export and import wishes," foresees an expansion of visible and invisible trading between Swiss private enterprise and the Soviet Union, as well as co-operation in the construction, expansion and modernisation of industrial plants and various other forms of industrial and technological co-operation, including work on environmental projects.

A number of industrial sectors are specified as being the subject of particular attention, including machine-manufacturing, watchmaking and chemical production.

Turkey raises foreign income from exports

By Metin Munir in Ankara

TURKEY'S foreign currency earnings from exports grew by 28 per cent in the first four months of 1979 to about \$600m (£230m).

Imports grew more slowly to \$1.6bn, an increase of 12 per cent over the first quarter of 1978. The current account deficit at \$750m was only slightly higher than that of the previous year.

Agricultural products still accounted for some 60 per cent of total exports, but industrial exports in the first four months of this year grew by more than 80 per cent over the January-May period of 1978.

Bahrain banks

The Bahrain Monetary Agency has called a halt to the issuance of new banking licences. Mary Frings writes from Bahrain. At the Board meeting last week, five applications for banking licences were turned down, two from newly registered exempt companies who hoped to open offshore banking units in Bahrain. They were the Pearl Bank, a subsidiary of the Kuwaiti-owned Pearl Investment Company, and the Gulf Bank, also formed by interests in Kuwait.

Cuba-India trade pact

INDIA AND Cuba have agreed to step up their economic and commercial ties. Reuter reports from New Delhi. The agreement was signed following talks this week between Sr. Carlos Rafael Rodriguez, the Cuban vice-president, and Indian leaders.

WORLD CONFERENCE ON RURAL POVERTY

The poor are getting poorer

BY BRIJ KHINDARIA IN GENEVA

WORSENING terms of trade for the main farm exports of developing countries are dealing a harsh blow to Third World attempts to alleviate rural poverty.

In the long run, this lack of purchasing power in the poorer nations will retard the overall growth of world trade and jeopardise living standards in the West.

This conclusion was highlighted in reports prepared for a world conference on rural poverty, which commences today in Rome.

They say that better terms of trade cannot replace well-conceived rural development programmes, but they can bring some telling improvements.

For the large majority of developing countries, barter terms of trade were negative over the period 1969-76. Of the 74 countries for which figures are available, less than one in four experienced favourable terms.

The worst hit were the poorest in the Third World. In addition to higher petroleum prices, they were hurt by rising

costs of fertilisers, manufactured goods and basic foodstuffs, at a time when real prices for their exports were falling.

Twenty-three of the world's poorest countries, which also contain more than half the world's population, saw their terms of trade worsen by up to 30 per cent between 1970 and 1976, according to UN Conference on Trade and Development (UNCTAD) figures.

For example, in 1960 a rubber producing country was able to import six tractors in exchange for 25 tonnes of raw rubber. In 1965 only 3.5 tractors and in 1975 only two tractors could be bought for the same amount of raw rubber.

Government programmes were aimed at increasing land ownership, providing financial and investment resources needed by small farmers, developing transport and marketing infrastructure, installing education and health facilities, and introducing new, more productive technology and production methods.

But these could not be effective without a chain of links extending from the small far-

mer's isolated field to the international marketplace, where the product of his labour was valued in money terms by consumers.

Recent figures showed that final consumers paid more than \$200bn per year for the major primary exports, excluding oil, of developing countries. But the producers received only about \$30bn with the rest going to rich nation middlemen.

The effect was that falling living standards in the poorer nations succeeded in dampening the rise of living standards in the richer countries.

The share of developing countries in world trade has been declining steadily, from about 15 per cent in 1960 to 11 per cent in 1974 and 10 per cent in 1976.

Many countries which depend heavily on agricultural exports for foreign exchange incomes, have had to scale down rural development programmes because of lack of funds. Worsening terms of trade have obliged them to give greater priority to export crops, to earn foreign currency needed to pay for machinery imports. They have

run into domestic food shortages as a result.

The agricultural import bills of non-oil exporting developing countries have increased sharply from \$7.3bn in 1969 to more than \$20bn in 1975 and 1976. The food import bill alone now amounts to \$10bn, equivalent to 80 per cent of total Official Development Assistance (ODA) received by these countries.

Some countries have, however, undertaken successful programmes to increase home production to reduce imports. One such success was of India's creation of a dairy products industry.

A dark spot on the horizon for the poorer nations is the expected decline of development aid from the main donor countries to only 0.3 per cent of Gross National Product in 1980. The proportion was 0.35 per cent in 1975.

In comparison, the foreign debt of the non-oil exporting developing countries has risen to \$200bn, and many of them spend one-fifth of their export earnings simply on debt service payments.

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gives impressive acceleration when you need to overtake, with a smooth 5 speed gearbox, as well as a top speed of over 120mph. Like every Lancia, the Gamma has front-wheel drive for impeccable handling and roadholding on the twists and turns of winding country roads.

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that the new 12,000 mile service intervals practically halve servicing costs.)

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UK NEWS

Pertamina £19.5m payoff to Burmah

By Ian Hargreaves, Shipping Correspondent
BURMAH OIL will receive net cash payments of \$43m (£19.5m) under the terms of its final compensation settlement with the Pertamina Oil Company of Indonesia.

In addition, Burmah has received an undisclosed amount which has been used to buy the company out of loss-making charters on two 90,000 dwt oil tankers.

The rest of the \$60m total settlement agreed between Pertamina and Burmah will go to the associates.

Agreement
They are thought to be mainly companies linked with Mr. Elias Kulkundis, the former managing director of Burmah Tankers, and Mr. Stephen Davids-Morelle, Pertamina's former chartering agent.

Burmah's \$43m payoff, of which \$12m has been received, brings to an end three years of litigation with Pertamina, which in 1976 refused to honour an agreement to employ seven tankers held on long-term charters by Burmah and its associates.

The rest of the \$43m will be paid over the next three years. Burmah's announcement that it has already bought out charters on two 90,000 dwt tankers comes on top of the previously undisclosed fact that it had earlier extricated itself from deals on two other Pertamina vessels, one of 54,000 dwt and one of 157,000 dwt.

This means that only three of the ships involved in the Pertamina wrangle are left in Burmah's fleet: two 140,000 dwt tankers and one of 118,000 dwt. Burmah said yesterday that, contrary to previous reports, these ships are now trading and that it had no immediate intentions of further reducing its involvement in tankers.

Burmah's shipping operations lost £22.9m last year and a note in the 1978 accounts suggested that charter payments would be due in 1979, £23m in 1980 and a total of £72m between 1981 and 1983.

These figures will be reduced as a result of the Pertamina settlement, which follows the buying in of other charter commitments on four large tankers from the GATX corporation earlier this year. Burmah's tanker fleet is now reduced to 17 vessels, of which four are owned and 13 chartered in.

Conservationists form group to save piers
THE NATIONAL Piers Society, a conservation group dedicated to preserving Victorian piers, was formed yesterday.

Sir John Betjeman, the Poet Laureate, has agreed to be president and has told the society that he will try to write a poem about piers.

The formation of the society, aimed at persuading councils, government and private companies to recognise that the pier has a future as well as a past, came a day after a local council voted to seek powers to demolish the 1869 piers at Clevedon, Avon.

The independent airline Dan-Air has applied to the Civil Aviation Authority to operate the Aberdeen to Gatwick route by British Airways, which operates the Aberdeen to Heathrow service.

Yesterday at a hearing in Aberdeen, Mr. Harvey Crush, for Dan-Air, said it was not good enough for the state airline to have a temporary improvement in its service.

Dan-Air intends if the application is granted, to operate up to three return flights daily from Aberdeen to Gatwick with lower fares, better times and reliability, and an all-jet service, Mr. Crush said.

Mr. Ray Colegate, chairman of the hearing, said however that the Authority would need "very powerful reasons indeed" to make a change.

If it were considering competing applications for a service, it might adopt a level starting point, but because British Airways was already on the route, it was starting on "sloping ground." The hearing continues today.

I stamped on Gaming Act breaches, Stein

BY JAMES BARTHOLOMEW

MR. CYRIL STEIN, chairman of the Ladbroke Group, yesterday maintained that he had not known about his company's breaches of the Gaming Act until they had happened.

But once he found out, he had done everything "to stamp out these most unfortunate occurrences."

He said: "I must bear the ultimate responsibility. I assure the justices that it will never happen again."

South Westminster licensing magistrates are considering Ladbroke's application for renewal of the licences of three of its London casinos. The police and the Playboy Club have objected.

Mr. Stein said: "I have always seen it, that to the best of my ability, the Act was observed in every way. It is only because of that, that the relationship with the Gaming Board has been so good."

He said his efforts to stamp out the malpractices had succeeded. Mr. Stein disputed that the payment of commission to people who introduced losing gamblers was not contrary to the Gaming Act. This was still going on with his knowledge, he said. It was a well known practice in the industry.

Mr. Stein described as "harmless" the alleged "unit six" operation, whereby the owners of cars parked outside rival casinos were traced through the police computer.

He said most of the big gamblers were foreigners who were staying at Mayfair hotels and could walk round to the casinos. He also had a low opinion of the hotel porter scheme by which porters were tipped to direct visitors to Lad-

broke casinos. But he did not consider that this had been contrary to the Gaming Act.

He admitted breaches of the 48-hour rule, whereby people may not gamble at a casino unless they have been members for 48 hours or are bona fide guests.

Under cross-examination, Mr. Stein said that Mr. Gordon Irvine, the casino marketing director, told him in 1978 that limited use had been made of the police computer the previous year. No payment had been made, Mr. Irvine had said. Access had been given on the "old boys network."

Mr. Stein agreed that Mr. Irvine and Mr. Alex Alexander, the head of the casino division, both continued in Ladbroke's employ after Mr. Stein discovered these facts. The case continues tomorrow.

Govan shipyard men to work during holiday on Polish order

BY OUR SHIPPING CORRESPONDENT

MORE THAN 300 men have volunteered to work during their holidays at Govan Shipbuilders, which yesterday launched two more ships for its £115m Polish order.

The Clyde-side yard, a member of British Shipbuilders, now has only three launchings—all for the Polish order—to come in its present order book. These are expected within the next eight weeks.

In spite of the imminent threat of redundancies, the men have volunteered to continue sitting out work on the order during the yard's traditional three-week holiday, which starts on Friday.

This overtime is necessary to meet tight delivery schedules for the ships, which are all due to be completed this year. The men volunteering to work through the holidays are aware that a Government announcement on future aid to British Shipbuilders is expected next week.

This announcement could be a prelude to a partial or total shut-down of Govan's two yards, employing over 5,000 men. It is no more work is forthcoming.

There is already serious underemployment of steelworking trades at the yard, as hull construction of the Polish ships nears completion. This has been alleviated by the decision of shop stewards to relax traditional demarcation lines and allow retrained steelworkers to do outfitting jobs.

Both vessels launched yesterday are 4,400dwt bulk carriers. Ten Polish vessels have so far been launched at Govan.

Investors must get 9%, says Abbey

BY ANDREW TAYLOR

ABBEY NATIONAL, the country's second largest building society, is to press for the basic rate of interest for investors to be increased by 1 per cent to a minimum of 9 per cent when the Building Societies Association Council meets on Friday.

But Abbey, which yesterday announced figures for the first half of this year, refused to be drawn as to whether it would oppose a corresponding increase in the mortgage rate. Last month Mr. Clive Thornton, the society's general manager, said that he would rather see mortgage queues lengthen than raise the rate.

However there is strong pressure from a number of societies for both mortgage and investment rates to be raised at Friday's meeting.

Mr. Thornton said yesterday that it was possible to do something for investors without necessarily affecting borrowers but stressed that Abbey could not unilaterally decide to hold down the mortgage rate.

"We will have to see what the other societies say at Friday's meeting, but we regard a basic share rate of at least 9 per cent as essential. And whatever is decided we plan to announce a further package of incentives for investors next month."

The rise in minimum lending rate, plus much heavier withdrawals than usual in June to support spending ahead of VAT increases, has had a dramatic impact on building society net receipts, which may have sunk as low as £120m last month.

However Abbey says that its position has strengthened relative to the other major societies which generated net receipts of around £71m in June. Of this Abbey says it captured 31 per cent, compared with its normal share of about 15 per cent.

Sir Campbell Adamson, Abbey's chairman, said that the launch of the society's new open bondshare in June had considerably helped performance. But for this the society would have shown a deficit in some weeks last month.

In the first half of this year Abbey's total assets increased by almost 7.3 per cent to £6.7bn while net receipts were £406m, compared with £314m for the whole of 1978.

Sir Campbell said that mortgage lending during the first half had been maintained at last year's record level, but the society had been forced to draw on liquid funds. The liquidity ratio to assets had fallen from 17.33 to 16.93 per cent.

Higher housing cost yardstick
THE HOUSING cost yardstick which local authorities must not exceed if they are to qualify for housing subsidies is to be raised by a further 4 per cent. Mr. John Stanley, Minister for Housing and Construction said yesterday. This takes the increase to 20 per cent since March, 1978.

UK insurers among 16 sued

BY JOHN MOORE

FEDERAL LEASING of the U.S. has sued Guardian Royal Exchange Assurance of the UK, as part of its \$560m legal action against 55 Lloyd's of London underwriting syndicates and 16 other insurance companies.

Guardian Royal Exchange is named in a 168-page complaint served against the Lloyd's underwriters claiming punitive damages of \$50m, \$50m compensatory damages, and \$10m from insurance claims made against the market.

The action arises from computer leasing insurance contracts arranged at Lloyd's for Federal Leasing through Adam Brothers, Contingency, insurance brokers.

The cover protected a leasing company against losses arising from having to re-lease a computer at a lower rental after the original lease had been terminated earlier than the contract date, or from being unable to re-lease.

With new computer models rapidly coming on to the market, the leasing companies have found that customers have traded in existing models earlier than expected. In those circumstances they have claimed on their insurances.

Other insurance groups named in the action are Slater Walker, Insurance, Walkbrook Insurance (part of London United Investments), Allianz International Insurance, Excess Insurance, Union American Insurance, Sovereign Marine and General Insurance, Tokio Marine and Fire Insurance, Taisho Marine and Fire Insurance Company, Storebrand Insurance Company, Lombard Insurance, Signal Imperial Insurance, North Atlantic Insurance, Terra Nova Insurance, Atlantic Mutual Insurance, and First State Insurance.

The action alleges that underwriters "have not demonstrated a scintilla of good faith" in connection with the computer policies.

It alleges that underwriters have intentionally interfered with and damaged the business of Federal Leasing and "injured the standing and reputation of Federal within the investment and banking community."

Lawyers to the Lloyd's underwriters have asked for a 60-day period to reply to the action, but Federal is contesting that request.

Sharp rise in Civil Service resignations
By Paul Taylor
FIGURES published yesterday confirm a marginal fall in the number of civil servants—and a sharp increase in resignations.

There are now 733,176 civil servants, a drop of 0.65 per cent. Last year 47,093 civil servants resigned, a 27 per cent increase on 1977. The Civil Service Department said the main explanation for this was the external economic or social factors, in particular the competitiveness of Civil Service pay.

This supports the views of the Civil Service Commission, the body responsible for recruitment, which last month blamed poor relative pay levels for recruitment difficulties—particularly among specialist staff.

The Civil Service Department said yesterday that the overall small decline in the number of civil servants reflected continuing efforts to contain Civil Service expenditure coupled with recruitment difficulties and relatively high wastage. The decline followed a larger decrease in staff of 3,177 in 1977.

Civil Service Statistics 1978, HMSO £2.75.

New construction orders total £859m in April
BY MICHAEL CASSELL, BUILDING CORRESPONDENT
CONTRACTORS RECEIVED new construction orders worth £859m at present prices in April, according to provisional Government figures.

The Department of the Environment said yesterday that the April figure compared with £865m in the previous month. Figures for both months were delayed because of a strike by computer staff.

The value of new orders in the February-April quarter was estimated to be 7 per cent higher than in the previous three months in constant price terms. But it was 4 per cent down on the same period a year earlier.

New orders in the public housing sector in February-April were 3 per cent up on the previous quarter but 15 per cent lower on a year earlier.

Private housing orders in the latest period showed a 12 per cent drop from the preceding quarter and a fall of 23 per cent from a year earlier.

Public works orders in February-April represented a 29 per cent rise on the November-January period and were up by 19 per cent on the same period a year earlier, it is estimated.

At the same time, private industrial work orders rose by 9 per cent, although they were 5 per cent below the level achieved a year ago. Private commercial orders in February-April fell by 5 per cent and were also 9 per cent down on the same period a year before.

Leyland wins £43m bus order

NATIONAL BUS is to buy 1307 buses and coaches worth £43m from Leyland Vehicles next year.

The only non-Leyland vehicles it will purchase will be a handful of minibuses. The supplier has not yet been named.

The order is by far the most important of the year for buses. The National order represents more than a third of Leyland's normal annual intake of orders.

The vehicles will be built at Leyland's plants in Leyland, Bristol, Workington, Lowestoft and Leeds. Substantial coachwork contracts for Charles H. Rowe of Leeds and Eastern Coachworks of Lowestoft are also involved.

It is clear from the order that the traditional double-deck bus is losing none of its popularity, in spite of extensive research into high-capacity single-deckers and articulated single-deck vehicles.

National Bus wants 688 double-deckers, of which 498 will be the Bristol VRT model and 138 the Atlantium.

The rest of the order involves single-deck chassis, 233 of which will be fitted with bodies by independent luxury coach body-builders in the UK.

Coral group to run casino in Guadeloupe

CORAL LEISURE has agreed in principle to be responsible for the management of a £13m resort and casino complex planned to be completed by early 1981 on the Caribbean island of Guadeloupe. Coral will run most of the operation, including a hotel complex and the gambling activities.

The project is being financed by institutional and private investment and Coral has no plans for a direct investment of its own.

The Coral group manages casinos in Marbella and Santander, Spain. The group, which operates Centre Hotels, has considerable expertise in hotel and catering management.

The Guadeloupe project will include a 230-room hotel and 80 holiday cottages. There will be private villas, an 18-hole golf course, swimming pool, casino, night club and a fishing village.

Defence visit

Mr. Francis Pym, Secretary of State for Defence, is to visit America next week at the request of Dr. Harold Brown, U.S. Secretary for Defence, to discuss matters of common interest.

Mr. Pym will be in Washington from July 16 to 18 and will go on to Ottawa for discussions with the Canadian Government on July 18 and 19, returning to Britain on July 20.

Partial ban on whaling approved

BY OUR ECONOMICS CORRESPONDENT

THE INTERNATIONAL Whaling Commission last night approved an indefinite, partial moratorium on worldwide whaling.

The ban is on commercial whaling by factory ships in high seas areas, and was passed by a vote of 18 to two, with three abstentions. This is more than the requisite three-fourths needed to implement an IWC decision. The vote came at the end of the third day of the IWC's 31st annual meeting in London.

Commissioner to the IWC, said that the partial moratorium represented "the beginning of the ending of commercial whaling."

One effect of the partial moratorium will be to end the Soviet Union's whaling activities on the high seas. The Russians whale almost exclusively on the high seas, with factory ships.

The moratorium resolution was voted by the plenary meeting of the IWC, after a day of heavy lobbying and negotiations. The U.S. had originally tabled a permanent ban on commercial whaling. This was approved by

the technical committee of the IWC by a vote of 11 to six, with six abstentions.

After hectic negotiations the IWC commissioners worked out a compromise moratorium modelled on a Panamanian proposal for a two-tier moratorium.

The proposal divided the U.S. moratorium resolution into two parts—a ban on high seas factory ship whaling and a ban on coastal water whaling. The latter did not receive a three-fourths majority.

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Merseyside call for 18% fare rise

BUS, TRAIN and ferry passengers on Merseyside face 18 per cent fare increases in the autumn, if a county council treasury proposal is accepted. The region's passenger transport executive is recommending rises of 12.5 per cent.

Which ever increase the county transport committee supports next week will have to be ratified by the Northwest traffic commissioners and another lengthy public inquiry is likely.

British decline 'result of decisions by leaders'

BY OUR ECONOMICS CORRESPONDENT

THE DECLINE of Britain's position in the world economy as the result of decisions taken by the country's leaders and of the institutional structure, according to Professor G. C. Allen, emeritus Professor of Political Economy at London University.

His views are published today in an Institute of Economic Affairs pamphlet, The British Disease.

He rejects the view that Britain's disease is not peculiar to her but is associated with her stage of economic and political development. "Neither experience nor reason provides a warrant for such a deterministic view of a country's fate."

Prof. Allen says the fate of nations is determined by decisions that their leaders make, and by the institutions they set up.

He highlights unfortunate decisions in the private sector and in the nationalised industries.

The British Disease, Institute of Economic Affairs, Hobart Paper 67, Second Edition, £1.50.

Dan-Air bid for Aberdeen route

BY OUR OWN CORRESPONDENT

BRITISH AIRWAYS was severely criticised yesterday at a public hearing for poor performance on its Aberdeen to London route. A temporary improvement in the service was labelled as only a "death-bed repentance."

The independent airline Dan-Air has applied to the Civil Aviation Authority to operate the Aberdeen to Gatwick route by British Airways, which operates the Aberdeen to Heathrow service.

Yesterday at a hearing in Aberdeen, Mr. Harvey Crush, for Dan-Air, said it was not good enough for the state airline to have a temporary improvement in its service.

Dan-Air intends if the application is granted, to operate up to three return flights daily from Aberdeen to Gatwick with lower fares, better times and reliability, and an all-jet service, Mr. Crush said.

Mr. Ray Colegate, chairman of the hearing, said however that the Authority would need "very powerful reasons indeed" to make a change.

If it were considering competing applications for a service, it might adopt a level starting point, but because British Airways was already on the route, it was starting on "sloping ground." The hearing continues today.

Cabinet bought for £10 makes £80,000

A TOTALLY unexpected £80,000 profit at Sotheby's Belgravia yesterday for a writing cabinet designed by Charles Rennie Mackintosh. It was made around 1905 and the buyer was the Fine Arts Society, which is to put the cabinet on show in its new Glasgow gallery with the hope that it will eventually go to the Hunterian Art Gallery at the University of Glasgow.

The price, £50,000 above estimate, was a record for any piece of 20th-century furniture and the highest for any item at Sotheby's Belgravia. Mr. Allan Ure, who sold the cabinet, bought it in 1933 for £10.

Other items by the Glasgow-born designer fetched a total of £103,100.

At Sotheby's large galleries Old Master paintings made nearly £1.7m. It was a well-

attended sale with mostly foreign buyers, although the top prices were from the British.

"Venice: The Grand Canal seen from the Rialto Bridge," by Canaletto, went for £115,000 to a London dealer; and Brod gave £78,000 for two works by W. van de Velde the younger.

An English buyer paid £90,000 for a wedding procession, by Pieter Brueghel the younger. A still life, by Jan Davidsz de Heem, sold for £85,000 to van Haften; and Leggat gave £80,000 for a work by Jan Brueghel the elder.

A collection of drawings of Rome, Florence and elsewhere by the Florentine artist Giuseppe Zocchi (1711-1787), which were commissioned by the British Ambassador, Sir Horace Mann, sold for £37,150 against an expected £20,000.

A mortised apple and emerald-green jade pendant carved and pierced with a bat among lily-chih realised £10,000 at Christie's sale of Chinese jade and snuff bottles. It was the top lot in the session which made £89,970.

A jade triple necklace sold for £8,500 and a white jade boulder carved in low relief fetched £7,500. In the sale of English and foreign silver, which reached £71,683, Koopman was successful at £10,000 for a pair of Regency table centrepieces by Paul Storr (1809).

DAVID FREUD LOOKS AT THE LATEST DIAMOND COMMISSION REPORT

Wealth of top 5% rose in 1975-76

THE VERY RICH regained some of their previous losses in 1975 and 1976, mainly because of the recovery of the stock market. This is shown in the latest report of the Royal Commission on the Distribution of Income and Wealth, the Diamond Commission, published yesterday.

The report provided evidence to suggest that, in spite of the long-term trend towards dispersal of wealth, assets were still more concentrated in Britain than in Canada and the U.S., probably because of the impact of inheritance.

The trend to more equal incomes continued, though the burden of taxation increased disproportionately for lower earners. There were signs that by 1976 higher earners were taking more advantage of allowable deductions in the tax system than they had earlier.

Improved
The report found that the long-term trend for wealth to be spread downwards was reversed in 1975 and 1976. The wealth held by the richest 1 per cent increased from 22.5 per cent of the total in 1974 to 24.9 per cent in 1976. This was still well below the 30 per cent average for 1968-71.

The next 4 per cent also improved their position. The share of the poorest 90 per cent fell from 42.5 to 39.4 per cent.

The underlying reason for the improvement in the position of the rich seems to have been the stock market revival. The commission said: "As ownership is concentrated among the wealthiest groups, an increase in prices or quantities of ordinary shares results in an increase in inequality, and vice versa."

It found that in 1973-76 price changes were the dominant influence on wealth distribution, and in 1969-72 quantity changes. Ordinary share prices were lower at the end of 1972-76 than at the beginning, and house prices were increasing.

Both changes made for reduced inequality, and because of their size dominated the scene. But in 1969-72 prices of ordinary shares and houses were increasing with opposite effects on wealth distribution which largely cancelled each other out. The dominant factor became the increases in quantities of cash assets and insurance policies.

The commission comes to the board conclusion that in times of inflation, when house prices are rising and holdings of cash assets and policies are increasing, the question whether changes in prices or in quantities have most effect on the distribution of wealth depends largely on the direction in which ordinary share prices are moving.

In spite of the long-term downward dispersal of wealth, the report provides figures to show that wealth is more concentrated at the top in Britain than in Canada or the U.S.

A background paper reported that the richest 1 per cent held about 30 per cent of the wealth in Britain in 1970, compared with about 25 per cent in the U.S. and about 22 per cent in Canada.

One of the key reasons for the UK's greater concentration of wealth, it was suggested, was that in Britain inheritance continued to be prominent as a cause of persistent large fortunes.

The top 1 per cent of income-earners lost more ground in the latest two years covered. Their share of total income fell from 6.2 per cent in 1974-75 to 5.4 per cent in 1976-77. This continued a long-standing trend and compares with the 1949 share of 11.2 per cent.

The top half of the distribution, below the top 10 per cent, had a gain, and the bottom half of the income distribution had a relatively small increase in income share from 23.7 per cent in 1949 to 24.5 per cent in 1976-77.

The commission commented that the two-year period saw the introduction of incomes policies designed to have a redistributive effect—and in this respect they seemed to have had some impact.

A relatively large proportion of the top group's income came from investment and self-employment—45 per cent in the case of the top 1 per cent—and was not affected directly by incomes policies. There was some evidence that top salary earners may have been partly compensated by an increase in the value of non-cash benefits.

Burden
Over the last two years the long-term trend of increasing tax payments lower down the earnings scale continued. Between 1959 and 1976-77 the average amount of income paid in income tax increased from 10.5 to 20.3 per cent, and higher earners paid for a relatively small proportion of this group but the differential in

increases, since their tax liability was relatively high to start with.

The average tax rate of the top 1 and 10 per cent of the income distribution moved up from 43.2 to 43.8 per cent and from 23.5 to 31.1 per cent respectively. By comparison the average tax burden on other groups was in some cases more than trebled.

For example the average tax rate on individuals living in the second fifth of the distribution increased from 5.7 per cent to 10.8 per cent. This meant that the share of the total tax

Handwritten note in a box: "July 12 1979"

# Currency dealer held in U.S.

BY CHRISTINE MOIR

MR. ERNEST BRAUCH, the property and currency dealer who disappeared from Britain in 1976 while on bail on currency charges amounting to £1.4m, has been arrested by the Federal Bureau of Investigation in the U.S.

dealing empire, which at one stage even included a zoo in Guernsey. Meanwhile, the City fraud squad began investigations into Mr. Brauch's activities on the dollar premium and commodity markets, which led to 20 charges, amounting to £1.4m. Mr. Brauch disappeared from Britain while on bail for these charges, causing two businessmen to forfeit £30,000 in sureties.

# New controls proposed for man-made fibres

BY PAUL TAYLOR

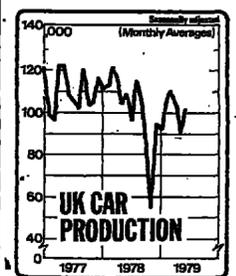
NEW CONTROLS over the manufacture and use of man-made mineral fibre substitutes for natural fibres like asbestos were proposed yesterday in a report published by the Health and Safety Commission.

manufacturers of products like fibre-glass and insulation wools already meet these standards. Sections of the construction industry are likely to face the greatest difficulties in meeting the proposed standards.

# June car output tops 100,000

By Kenneth Gooding, Motor Industry Correspondent

PRODUCTION OF cars reached 101,000 on a seasonally adjusted basis in June, according to Department of Industry statistics.



# Inflation rate 'slower than forecast'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE 12-MONTH rate of retail price inflation may not accelerate as rapidly as feared by the Treasury, according to a new medium-term assessment published today by the Economist Intelligence Unit.

cent next year—but that high unemployment and lower-than-expected inflation will prevent a wage explosion.

the supply side of the economy to which the Chancellor's Budget speech and his subsequent statements have attached so much importance.

# Public bodies join energy campaign

BY MAURICE SAMUELSON

MORE THAN 80 industrial companies and public bodies are to take part in a campaign on energy saving to be held in October, sponsored by Prince Philip.

month, the events will begin in mid-September and continue until late in November.

It marks the UK's contribution to an international conservation month being run by the 20 members of the International Energy Agency.

By October, the Government is also expected to have outlined its own approach to conservation, showing to what extent it will retain Labour's package of financial incentives to industry and the domestic consumer, in spite of pledges to cut Government cash handouts.

# Aviation fuel supply plea

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AN APPEAL to the Government to ensure continued supplies of fuel to the business and general aviation community in the UK has been made by the General Aviation Manufacturers and Traders' Association.

cultural and other aerial work, sporting flying and touring.

Pointing out in a memorandum sent to the Departments of Energy and Trade that there was a continuing uncertainty on the future supply of aviation gasoline, the association says that while consumption by the general aviation sector is small—about 1.2 per cent of total UK aviation fuel consumption—it is nonetheless vital.

“The general aviation industry appreciates the difficulties that the fuel companies may have in being able to supply and distribute fuel for general aviation,” says the association.

General aviation represents the users of business aircraft, air taxis, flying training, agri-

we are to remain competitive in world aviation.”

# Case engineering to expand

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A 23-acre industrial site is to be developed in West Cornwall by J. I. Case, the engineering company, to expand its UK manufacturing facilities.

growing problem. One of the main employers in the area is the Compair engineering group, which has been cutting back on its workforce for some time.

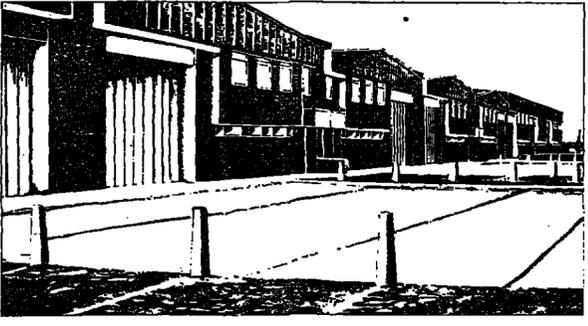
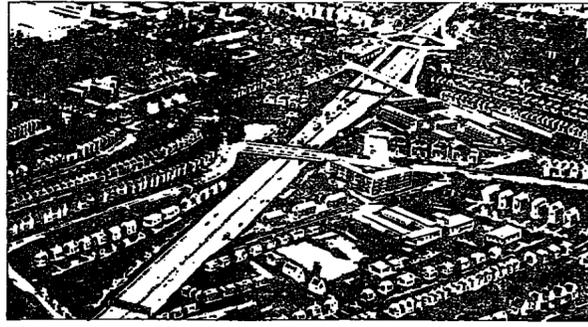
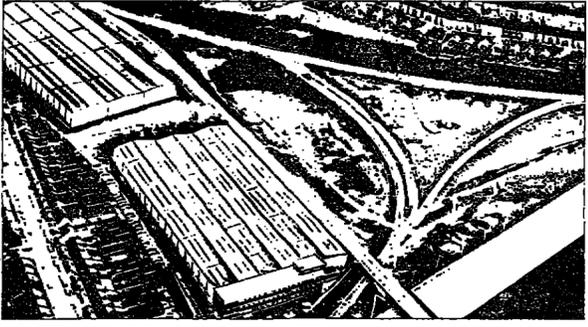
strengthened when it bought a 40 per cent share of Poclair, the French hydraulic excavator group. Its products are now marketed under the Poclair/Case label.

# Top Chinese soldier ends visit to Britain

By Colina MacDougall

THE CHINESE Deputy Chief of Staff, Yang Yung, leaves Britain today after a 12-day visit.

# LONDON DOCKLANDS: OVER £1,500,000,000 WILL MAKE SURE IT'S NOT JUST A PLANNER'S DREAM.



Situated in the heart of the city alongside the River Thames, London Docklands is the largest area for development in the world.

live, it obviously has to have jobs to support its growing population.

All the dreaming and a lot of the planning have been done. And now we are getting on with it.

That is why much of our effort is directed towards attracting new employers to the area.

In the next three years alone over £200 million is being spent on new roads, railways, housing and, of course, new factories and sites.

At the same time, however, we are building new housing.

This is just the start of the Docklands plans becoming reality. It is also the start of a great opportunity for business.

We are encouraging private housebuilding. We hope to open up much more of the riverside as attractive leisure areas.

NEW ROADS AND RAILWAYS WILL BRING IN MONEY AS WELL AS PEOPLE.

And we are planning more parks, more shopping and community centres. As well as providing for the people presently living in Docklands, we are hoping to attract a wider cross section of new residents to the area.

Already major road improvement schemes are underway. New bus services and rail links are being introduced.

Because in the end, it will be people who build the new tomorrow for Docklands.

All this will make it easier for everyone, be they Londoners, commuters, buyers or businessmen, to get to Docklands.

If you would like to know more about the plans for London Docklands, write to The Docklands Development Organisation, 164 Westminster Bridge Road, London SE17RW

It will also make it a much more attractive place for investment.

WE'LL HELP YOU MAKE MORE OF YOUR CAPITAL

# Union leader criticises factory aid refusal

BY OUR BELFAST CORRESPONDENT

THE CLOSURE of a crystal glassware factory in West Belfast, because of the Government's refusal to provide further aid, yesterday brought a strong protest from an Ulster trade union leader about mounting unemployment in the area.

attempt to extend Ulster's lead crystal industry into an area of high unemployment.

# Mersey visit

A three-day fact-finding visit to Merseyside and central Lancashire was started yesterday by Mr. James Lester, the Parliamentary Under Secretary for Employment.

Minister leaves MR. NEIL MARTEN, Minister for Overseas Development, leaves London today for Rome to attend the World Conference on Agrarian Reform and Rural Development.

# Warrants sought on Muzorewa

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

WARRANTS FOR the arrest of Bishop Abel Muzorewa to answer charges of treason, felony and murder are being sought today at Bow Street Magistrates Court in London.

her legal case. The charge is a 19th century one against those who try to usurp the sovereignty and authority of the crown.

The head of the Rhodesian regime is to arrive in London on a Concorde this evening for talks on Friday with Mrs. Margaret Thatcher, the Prime Minister, and Lord Carrington, the Foreign Secretary.

One legal issue to be decided is whether the Bishop, who is a British subject but not a British citizen, can be tried in this country on alleged crimes committed abroad, as a British citizen can be in some cases.

wings of the Patriotic Front, Mr. Arthur Chazingwa of ZAPU and Mr. Alois Mangwende of ZANU, insisted that their struggle was necessary because the politicians had failed to bring down the illegal regime in Salisbury. They claimed that was going "very splendidly of late" and that they had no intention of being "duped by whatever tricks of Mrs. Thatcher."

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UK NEWS—PARLIAMENT AND POLITICS

MPs' salaries to be linked with other professions

No guarantee on inflation-proofing

BY IVOR OWEN

NO GUARANTEE has been given by the Government to "inflation proof" the third phase of the £5,000 pay increase which MPs are due to receive in 1981.

He made plain that all the Government had done was to propose that the Boyle Committee on top salaries should be asked to make a recommendation about one or more analogues in the professions to which Parliamentary salaries could be related from 1981 onwards.

There was a general welcome from the back benches for the modified proposals introduced by the Government, providing for a £2,500 first stage increase which the total award recommended by the Boyle Committee—raising MP's pay to £9,450 a year with effect from June 13.

Mr. St. John-Stevens virtually admitted that the Cabinet had blundered in putting forward its

"But it is equally clear that it has not been ruled out by the Government," said Mr. St. John-Stevens.

The Government was not proposing index-linked Parliamentary salaries—either with a price or an earnings index—but merely that consideration

should not take effect until the beginning of the next Parliament.

The Government's acceptance of the case that MPs should be paid adequate salaries was stressed by Mr. St. John-Stevens, when he opened the debate.

legislators reasonable salaries—if they do not, then a heavy price will be exacted through the activities of dubious people which will increase in order to take advantage of the straitened circumstances of MPs.

The Leader of the House increase in pay to be made to other Members of the Government was justified and overdue.

REVISED SALARY STRUCTURE

The planned increases (present salaries in parentheses) from June 13 each year are: MPs—(£6,897) 1979 £9,450; 1980 £10,725; 1981 £12,000.

plus £4,299) Secretaries and Under-Secretaries £20,000 (£15,750 plus £4,299) Attorney-General £33,500 (£13,000 plus £20,500)

Ministerial salaries by June 1981, including £7,000 parliamentary salary: Prime Minister £40,000 (£22,000) Lord Chancellor £37,000 (£22,225) Speaker £32,000 (£14,300 plus £17,700 Parliamentary salary) Cabinet Ministers £32,000 (£14,300 plus £17,700 Parliamentary salary) Ministers outside Cabinet £27,000 (£8,250-£10,450 plus £4,299) Ministers of State £24,000 (£8,250-£10,450)

Leader of the Opposition £29,000 (£10,450 plus £4,299) Government Chief Whip £27,000 (£10,450 plus £4,299) Opposition Chief Whip £24,000 (£8,250 plus £4,299) As an interim measure, the secretarial allowance for MPs had been raised by £400 to £4,500. Changes are also proposed in peers' expenses.

should be given to an interim professional link. Two senior bank benchers, Mr. Robert Mellish (Lab., Birm.) and the former Labour chief whip, and Sir Derek Walker-Smith (C., Hertford East), ex-Minister and chairman of the Conservative 1972 Committee, argued that the recommendation by the Boyle Committee that MPs should be paid a salary of £9,000 a year should have been implemented immediately without any intervention by the Government.

ment believes that ad hoc arrangements by which MPs' salaries are reviewed once in each Parliament are no longer satisfactory for themselves in inflationary periods. It was for this reason that the Government had asked the Boyle Committee to fine one or more professional analogues to which the pay of MPs should be linked between reviews.

emphasised that MPs were still being paid £1,100 less than the £8,000 a year which the Boyle Committee had recommended in 1975. In the years since then, prices had increased by 100 per cent and earnings by 200 per cent. If the £8,000 recommendation had been implemented in 1975 and MPs' salaries had subsequently been increased in line with their present pension entitlements, they would now be being paid £9,372 a year.

increase, which will bring MP's salaries to £12,000 a year, should be phased in three equal instalments over two years. He acknowledged that resentment among MPs caused by the fact that staging of this type would have resulted in their salaries again falling behind acceptable levels, which sparked off the noisy all-party protest in the House two weeks ago.

But Mr. Enoch Powell (UU, Down South) contended that, since MPs had sought election to the Commons on the basis of the existing salary, any increase

But he warned: "The public must be prepared to pay their

the in-

Interest likely to stay high

By Ray Perman, Scottish Correspondent

INTEREST RATES were likely to remain high for some time because the Government was determined to stick to its money supply targets, the Prime Minister said in Edinburgh yesterday.

Mrs. Margaret Thatcher said she put the achievement of the Budget target of monetary growth in the range of 7-11 per cent as top priority.

"She would not be deflected by this week's bank lending figures or the likelihood of a mortgage interest rate increase tomorrow. We have set our target and we mean to meet our target. Last year the money supply should have grown by 8 to 12 per cent and when we took office it was 12 to 13 per cent."

"It will take some time to get it down; that is why interest rates are so high."

Mrs. Thatcher was making her first visit to Scotland since she won the election and she spent the day seeing different aspects of the work of the Scottish Office.

Police at the Lothians and Borders police HQ were understandably enthusiastic, considering their pay rise, but the civil servants at the Scottish Office, who will feel the bite of public spending cuts, seemed no less pleased to see the Prime Minister.

"If you are spending money which has not been made, you are printing it and are printing next year's inflation. It's a cheat and a fraud of the old and the poor."

Some of those who met her were uncertain how they should greet the West's first woman Head of Government, particularly with the Queen's visit to Edinburgh last week still fresh in their minds.

Crew members on the Fishery Protection cruiser Westra, which she saw at Leigh Dock, and senior medical staff at the Western General hospital bowed when they shook hands with her and addressed her as "Mrs. M."

Mrs. Thatcher was obviously pleased with her reception. "Most of the people seemed thrilled that one was there. The women are particularly thrilled. It has made them walk a bit taller," she said.

"The committee stage of the Finance Bill, which implements the Budget proposals, was completed early yesterday. It was one of the shortest committee stages of the Bill since the war, taking only five days. No Government changes were announced."

Unions warned against excessive pay demands

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A STRONG WARNING against excessive wage demands from the unions during the current pay round was given last night by Lord Soames, the Government leader in the House of Lords.

He emphasised that the Government was determined to continue with the present firm monetary squeeze and would not be deflected by short-term considerations.

In this situation, he said, high wage increases unrelated to productivity would only result in increased unemployment.

A similar line was taken by Lord Thorneycroft, chairman of the Conservative Party. He argued that the Government had provided the right framework for incentives in the Budget, and it was now up to the people of the country to do their part.

Lord Thorneycroft was also critical of the hostile reception given by some union leaders to Government proposals for reform of the labour laws.

"The two peers were speaking in an economic debate initiated by Lord Boyd-Carpenter (C). Lord Soames, who is Lord President of the Council and a member of the Cabinet, told the House: "We must cease to think in terms of pay increases being automatically related to increases in prices."

"There will simply not be the money available to pay increases unless they are matched by genuine increases in productivity."

"The overriding need was to reduce the growth of money supply."

"If we don't do this, we shall have no hope whatever of

squeezing the cost of inflation out of the system. "Too high a public sector borrowing requirement with a given money supply target simply gives rise to a sharp credit squeeze in the private sector, with harmful effects on investment and jobs."

"We need to ensure that those who take part in collective bargaining understand the consequences of our actions and their actions."

There should be no doubt of the Government's faith in sticking to the monetary targets announced. That resolve will not be diverted by any short-term pressures that might build up.

"This being so, it will follow that excessive pay rises will have one effect only—higher unemployment."

"We are not going to allow our economic and industrial recovery to be put at risk by a continuing upsurge of inflation. We intend to ensure that the message is repeated again and again," said Lord Soames.

In the long run, if the rise in money earnings was unmatched by productivity it

would raise unit labour costs. This, in turn, would do further damage to our competitive position, causing further unemployment and lower living standards.

"I am sure that no one inside the trade union movement or outside it wants this to happen," said Lord Soames. "We, for our part, will do everything in our power to make sure that it doesn't happen."

Lord Thorneycroft, speaking from the back benches, said he had every faith that the Government would provide the leadership.

The measures in the Budget provided an opportunity for the people of Britain, but the urgent question was: would they take the opportunity?

He confessed that he was not absolutely certain of the answer. "There is no party that can ball the British public out if they press their follies beyond a certain point," said Lord Thorneycroft.

The public had to be told that the Government could not just print money that had not been earned, and could not fake jobs that had not been created.

"We cannot debase our currency to protect the inefficiency of some of the factories in this country," said Lord Thorneycroft.

He thought there had to be something more constructive than the noises coming from some trade union leaders. They had shown an utter refusal to look at any of the amendments to labour law which the nation was plainly determined should take place.

These proposals had been couched in the most moderate terms, he said.

Euro-vote re-run

BY PHILIP RAWSTORNE

BRITAIN'S first Euro by-election will be held in the London South West constituency in September, because of the resignation of Mrs. Thatcher yesterday.

Miss Shelagh Roberts who won the seat for the Tories, last month.

Mr. William Whitelaw, Home Secretary yesterday, declared the resignation of Mrs. Roberts as a by-election.

She has since resigned her position on the Board, which technically barred her from standing as a Parliamentary candidate.

Town hall discussions

By Paul Taylor

PLANS TO site the London Borough of Southwark's controversial £28.5m town hall complex on land owned by the Greater London Council near the Elephant and Castle are to be discussed by the Southwark councillors at a special meeting on July 24.

The original plans to build the town hall at Peckham were approved earlier this year despite a wave of local protests and a split in the ruling Labour group.

Now council officials have submitted a provisional bid to the GLC for the new site and have won staff approval for the scheme.

Sir Ian defended the recent agriculture settlement, which he described as the best so far "at the end of the year."

"Sir Ian said he thought there was a strong case for any member country with below-average gross domestic product being a net beneficiary."

Mr. Peter Shore, the shadow Foreign Secretary, called for an assurance that the Government would not seek simply "minor modifications" in the Budget contributions in return for con-

Refugee pledge

AN ANNOUNCEMENT on the number of Vietnam refugees Britain is willing to accept will be made soon, Mr. Nicholas Ridley, Minister of State at the Foreign Office, promised in the Commons yesterday.

He told MPs during question time that the strongest possible representations had been made to the Vietnam Government about its treatment of refugees.

NF complaint

LORD ELWYN JONES, former Lord Chancellor last night called for controls on National Front marches.

There was a distinction between law-abiding marches and those of the National Front through immigrant areas, accompanied by racial abuse, he said.

"Should these marches not be subject to control?" he asked. But Lord Belstead, Home Office Under Secretary, referred to difficulty in making distinctions between marches.

Heritage fund LAWS TO set up a heritage watchdog will be introduced this Parliamentary session.

Details of a National Heritage Fund under an independent body of trustees would be announced soon Lord Mowbray, Government spokesman told the Lords.

Paraffin up THE PRICE of premium paraffin is to go up.

Mr. David Howell, Energy Secretary, said in a Commons written reply that to ensure continuity of supply he had decided to end price controls now.

Pinch of snuff SNUFF-TAKING MPs cost the nation the grand total of £6.60 a year, Mr. Norman St. John Stevens, said in a written reply. Free snuff is traditionally provided for MPs and members of the Press Gallery.

Progress on contributions to EEC

BY OUR PARLIAMENTARY STAFF

THE GOVERNMENT has already made "considerable progress" with the other Community countries in the negotiating Britain's contributions to the EEC Budget, the Lord Privy Seal, Sir Ian Gilmour, told the Commons yesterday.

He rejected a suggestion from Mr. Jack Straw (Lab., Blackburn) that the Government had failed to convince the French that Britain's contributions were excessive.

Sir Ian said that the Govern-

ment found, when it took over, that there was no proper realisation of the "implications" of the Budget system among the other EEC countries.

"We are now fully confident that these inequities have been brought home."

Questioned about the possibility of other EEC governments voting any reduction in the British contributions, Sir Ian said the facts would first of all be put forward by the European Commission.

"These will be commented on by the European Finance Ministers and the matter will be discussed and we hope, decided by the Dublin summit at the end of the year."

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LABOUR

Midland Bank dispute may spread despite ACAS role

BY NICK GARNETT, LABOUR STAFF

THE MIDLAND BANK and the industry's principal union yesterday accepted an invitation from the Advisory, Conciliation and Arbitration Service (ACAS) to settle the pay dispute involving clerical and computer staff to independent mediation.

The dispute affects the five English clearing banks but industrial action by the Banking, Insurance and Finance Union has so far been imposed at only the Midland.

In spite of acceptance of the mediation offer, the executive of the banking union decided yesterday to make preparations for extending industrial action which could then involve all the banks.

The executive authorised a ballot of the union's members in the Access departments of the

four banks that operate the service and among staff within Jelit Credit Card set up by the banks as a central processing operation. Barclays Bank does not operate the service.

The executive is also due to convene on July 25 to discuss the terms of industrial action that will be applied to many High Street branches of all the banks unless the dispute is resolved.

At the same time, the union is ready to repeat next week the one-day strikes in five of Midland's main computer centres which shut down the computers earlier this week. The action was supported by members of the Association of Scientific Technical and Managerial Staffs.

Any action in the high street branches will take the form of one day strikes, overtime bans,

work-to-rules or a ban on head office returns.

Mr. Leif Mills, general secretary of the banking union, said last night: "We are determined to escalate industrial action if nothing comes of mediation. The staff are behind us on this."

Mr. Alan Scouler, Midland's assistant general manager for industrial relations, said the bank hoped that mediation would mean that there would be a halt to further industrial action and that it would result as quickly as possible in a satisfactory solution.

The clearing banks have offered 12 per cent in new money, together with other items worth 8 to 5 per cent. During conciliation talks last week, Midland increased the new money offer to 12.5 per cent.

Union chiefs 'have lost struggle for moderate pay deals'

MODERATE TRADE union officials have lost the struggle to persuade union members to accept moderate pay settlements, Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, said yesterday.

Engineering workers have been instructed to have overtime from July 30 and to hold one-day national strikes from August 6. Negotiations on minimum pay rates in the industry collapsed this week.

Mr. Duffy, the chief union negotiator in the industry and a leading trade union moderate, told an Institute of Personnel Management conference that he was optimistic that the 20 days' strike before the action was due would allow time for improvement in the offer.

The Engineering Employers' Federation has offered to increase the present skilled workers' national minimum rate from £60 to £70. The unions claim £80 and a cut in hours.

Mr. Duffy repeated that although the unions were not looking for confrontation, the

two sides seemed bound for collision. Productivity deals, though, might be a way to avoid a strike.

"I succeeded in the past in promoting moderate pay deals such as the 5 per cent settlement for BL manual workers, agreed last year when their Ford counterparts were settling for 17 per cent, because he had been convinced that that was the best way to beat inflation."

"But how can I face these people now and say: 'Be moderate'? Unfortunately we have lost the struggle—now we have tremendous difficulty saying to our people that they should be moderate in wage settlements."

Mr. Denis Healey, the Shadow Chancellor, told the conference earlier that the increase in average earnings this year was likely to be 16 per cent, although the average increase in productivity was likely to be only 2 per cent.

Arguing strongly for the idea of a national pay policy, Mr. Healey said that earnings increases had to be brought closer to productivity increases.

Judge bans news agency blacking by journalists

FINANCIAL TIMES REPORTER

THE "BLACKING" of stories from a Midlands news agency by members of the National Union of Journalists at the Leicester Mercury was banned by a High Court judge yesterday.

Seven sub-editors at the Mercury, acting on a union instruction, refused to handle material from Elliotts News Agency because it also supplies copy to the Nottingham Evening Post, where 28 NUJ members were sacked for joining last winter's national strike by provincial journalists.

Part of the terms on which the dispute was ended was that there should be no victimisation. Mr. Justice Foster said it was not surprising that NUJ members who returned to work after the settlement were incensed by the Nottingham Post's refusal to reinstate the

sacked 28.

But the blacking of the agency copy at the Leicester Mercury, where there was no management-staff dispute, had no direct effect on the dispute between the NUJ and the Nottingham Post, so the blacking was not "in furtherance of a trade dispute" and the NUJ was not protected by the Trade Union and Labour Relations Act. The seven sub-editors were in breach of their terms of employment and their action was unlawful.

The judge granted interim injunctions to Mercury proprietors F. Hewitt and Sons (1927) restraining the NUJ from inducing or procuring its members at the Mercury to break their contracts of employment by instructing them not to handle or work on material from Elliotts.

Nuclear plant walk-out

BY OUR LABOUR STAFF

CIVIL SERVICE engineering and technical staff at an atomic energy plant at Warrington, Cheshire, walked out yesterday after 23 staff were threatened with suspension.

The Institute of Professional Civil Servants said that six engineers began the strike action at the plant and about 1,500 IPCS members walked out after the suspension threat.

Thirty staff at the fast breeder nuclear power station at Dounreay in north Scotland began a week's strike yesterday, which could affect power supplies to

the National Grid and its experimental work.

The union said that action by four foremen at the Royal Mint was likely to disrupt production of coins, with 50p and 1p pieces likely to be short in supply.

IPCS members at Royal Dockyard staged a half-day stoppage yesterday, and most of the industrial staff there had to be sent home.

The union's action is in support of a 36.47 per cent claim for 50,000 technicians and related staff. The Government has offered 15.8-24.1 per cent.

TUC seeks new talks with Howe

BY NICK GARNETT, LABOUR STAFF

THE TUC is seeking a further meeting with Sir Geoffrey Howe, the Chancellor, in a final attempt to clarify the kind of dialogue the Government is prepared to hold on economic policy and public spending cuts.

The TUC economic committee expressed disappointment and concern yesterday that Ministers had not been prepared, in the union's opinion, to discuss the principles involved in economic policy and public expenditure.

Continuing reluctance of the Government to follow that course will not stop the present round of TUC ministerial meetings—some have already been arranged for this month. The economic committee has made it clear that unless the Government changes its stance on consultation these meetings would be held on the basis of policies not agreed with the unions.

The committee said yesterday that the Government was embarrassed at the effects of its

strategy of changing the emphasis from direct to indirect taxes.

The TUC is not keen on the idea of a standard of living index, floated by the Government, as a supplement to the Retail Prices Index as it believes this should include a social wage element—items such as available public services—and that these are difficult to quantify.

The TUC's campaign for economic and social advances is being extended. A series of statements emphasising in particular public service cuts and what the TUC believes to be the Government's responsibility for rising unemployment, will be published in a few months.

Building union leaders have told the Government they want local authority direct labour departments altered into independent trading bodies, able to carry out work outside their own authority areas.

كشفاً للنحل

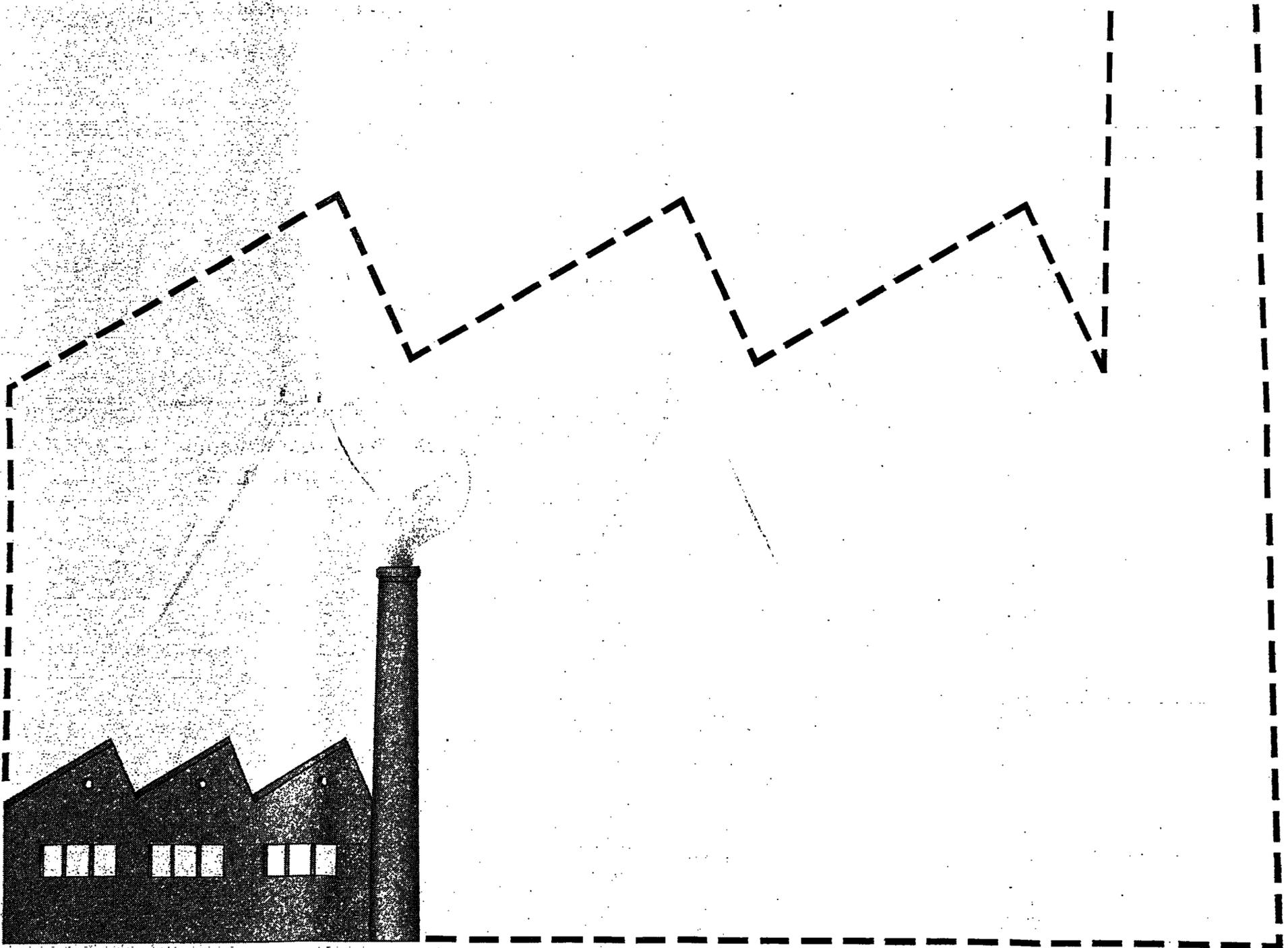
# FINANCIAL TIMES SURVEY

Thursday July 12 1979

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## Medium and Long-term FINANCE

Britain's capital markets have become the subject of lengthy controversy in recent years as to their ability—and willingness—to serve the needs of industry and entrepreneurial initiative. This survey discusses the problems involved, particularly in these days of high inflation and sluggish economic activity.



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MEDIUM AND LONG-TERM FINANCE II

# High charges inhibit borrowers

SOME TIME soon the Government will announce a massive sale of shares in British Petroleum to raise something like £750m. Unless conditions in the oil industry deteriorate sharply there is unlikely to be any great difficulty in disposing of such a huge block of shares. The issue will show that there is a very large supply of long-term finance to be tapped. But this will be a secondary offering of shares, not a primary issue that would benefit the company. This single offer could exceed in size the cash raised in all the rights issues launched by UK listed companies in 1978 (leaving out the special case of the BT issue).

This highlights the way the long-term capital markets have declined in importance as a source of finance for industry and commerce. Early in the current decade UK listed companies were highly active on the new issue markets, raising over £500m in 1971, for example, and over £1bn in 1972.

Although 1975 was quite a busy year, the picture has been much less buoyant in the second half of the decade. In both 1977 and 1978 companies raised net new capital of well under £1bn, a figure which in real terms is very much lower than the levels attained some eight years ago. A key factor behind this decline in the primary long-term capital market has been the eclipse of long-term fixed interest finance so far as the private sector is concerned. The bond market still thrives but it is now entirely the preserve of the Government's gilt-edged securities.

In the early years of the decade the company sector was issuing loan capital—including convertibles—at the rate of some £300m a year. In today's money that equals around £800m. Now this market has entirely vanished and indeed companies are net repayers of debentures and loan stocks. Last year they redeemed bonds to the tune of nearly £100m. It is all a question of interest rates. For the past few years the Government has been ready to pay interest rates varying between 12 and 16 per cent on long-term bonds. Companies would have been obliged to pay a premium over even these levels, and they have felt unable to do so.

When inflation is high it is

possible to argue that companies can afford to pay high nominal interest rates. If inflation rises further they may profit, as many borrowers did out of low-coupon debt in the early 1970s. But company finance directors also face the risk that inflation will decline permanently, in which case bond yields of, say, 15 per cent could prove a heavy burden.

Yet a big potential demand exists at slightly above the 10 per cent coupon level. This has been shown by the eagerness with which companies have exploited the sterling Eurobond market on the fairly rare occasions in which it has been effectively open. For obscure technical reasons coupons are significantly lower for offshore bonds than in the domestic market.

In March this year, for example, GEC tapped the Eurobond market for £50m at the comparatively high rate of 12½ per cent. Few companies would contemplate being tied into such a fixed rate commitment, however, and more recently Government action to raise long-term interest rates has once more pushed this source of funds beyond effective reach.

## Tantalising

The tantalising possibility exists of course that if the Government's monetary and fiscal policies succeed in bringing inflation—and therefore long-term interest rates—right down, the domestic company bond market will be opened up again.

Meanwhile the whole burden of long-term capital raising continues to be borne by the equity market. But equity valuations have rarely been at all high in recent years—certainly not high enough to tempt many entrepreneurs to float their private companies on the stock market—and since the flurry of 1975 when companies were carrying out emergency balance sheet repairs activity has been fairly quiet. May and June this year, however, showed signs of a revival, with companies seeking to take advantage of a temporary burst of strength in the equity market.

In the first half of 1979 rights issues totalled well over £500m, which suggests that the corporate sector is concerned at

the approach of a period of tight credit. But in the main companies will have to continue to rely heavily on the banking system for finance, a trend which has become marked during the 1970s.

In 1978, for instance, industrial and commercial companies increased their borrowing from the UK banking sector by some £2.75bn. Whereas in the 1960s it was normal for the company sector to raise less from banks than from the capital market in shares and loans, this relationship has been turned on its head.

This has inevitably led to a radical reassessment of lending policies by the banks, which have been called upon to fill a long-term financing gap left by the decline of the long-term capital market. The traditional preponderance of short-term overdraft finance has had to be extensively supplemented by the provision of new and longer term lending arrangements.

It is a system of financing which has been much more common overseas, and indeed the American banks played a prominent role in developing medium-term lending in this country. The extent to which clearing banks can expand term lending is limited by the need to observe prudential restraints which reflect the term structure of deposits. But including various special schemes the proportion of lending to industry and commerce on a term basis has risen to well over 40 per cent of the total.

Term loans offer companies the assured availability of credit for an extended period—often seven years and sometimes 10—but they normally carry a fluctuating interest rate linked to the six-month London Inter-bank offered rate (Libor). Such loans can be expensive during a credit squeeze, but since interest rates can be expected to move up and down broadly in line with inflation there is no risk that the real interest rate will become crippling.

Sophisticated systems have been developed whereby the larger loans can be syndicated around a number of banks. The term loans take the form of binding contracts and are less flexible than traditional overdraft methods; nevertheless important individual variations can be negotiated, including, for example, a moratorium in the

early years to match the cash flow pattern of a development project. Term lending in foreign currencies—mostly dollars—has also been an important growth area for British banks. Other new forms of finance have also been developing rapidly. Leasing—though not strictly new—has been a major growth sector under the stimulus of the tax incentives available to investors in fixed assets. It has been the principal route by which banks (and recently a variety of non-banks as well) have sought to absorb their corporation tax liabilities. The need to marry up lessees seeking equipment and lessors

seeking tax "shelter" has led to the growth of lease brokers and the establishment of a kind of market. Much of the business slips through the official statistical net but figures covering just the members of the Equipment Leasing Association give a good idea of the trend. New business handled jumped £675m to £1.2bn in 1978. Allow- ing for an increase in membership, this represents an under- lying growth of two-thirds, being achieved in 1979.

The banks have also been developing areas like project finance and exploration and development finance—especially

important in the context of the North Sea oil and gas sector. Sometimes this has been done on a non-recourse basis, and along with leasing this has led to a great expansion of so-called off-balance sheet financing. It is a trend which has often seemed to be welcomed by finance directors seeking to present strong looking balance sheets. But it has been causing a good deal of concern to the accounting profession which will soon be launching an exposure draft on the question of accounting for leasing finance. The Government may have crowded the corporate sector out of the long-term bond

market but there are opportunities for companies to tap the Government itself for finance. Thus the National Enterprise Board and its Scottish and Welsh counterparts have very substantial funds at their disposal. Specialised financial support is also sometimes available from the Department of Industry or from European agencies.

But under a Conservative administration State intervention can be expected to decline. It is likely to be up to the private sector institutions to adapt to a changing situation in the next year or two, during which inflation could start

declining again after a new upturn and the strength of sterling could put considerable pressure on UK manufacturing industry. There are clear signs of a developing squeeze on the profitability of British industry, which is almost certain to lead to an increased financial deficit for the corporate sector. If the Government manages to cut its own deficit the financing of the corporate sector could return to something like its old pattern. If not, then the financial system will be forced to resort to further innovation.

Barry Riley

# Industry's cash running low

A MAJOR deterioration is occurring in the profitability and financial position of industry. There has been warning of this in the last month from both the Confederation of British Industry and the Bank of England in its quarterly bulletin. The result is likely to be a further rise in industry's demand for outside finance, both from the banks and from the equity market.

The key is the expected trend of profits. There was a modest growth in profits during 1978, partly reflecting the consumer boom and recovery in output. Gross trading profits of industrial and commercial companies, net of stock appreciation, rose by 16 per cent last year compared with 1977. Consequently, even though dividend payments were 20 per cent higher and 50 per cent more was paid in UK taxes, saving by industrial and commercial companies rose by nearly £1bn. Spending on fixed investment, however, rose by £1.4bn.

The result was that the financial deficit of the company sector increased from £1.8bn to £2.3bn. This was reflected in further heavy borrowing from the banks, up £2.8bn, though this was slightly less than in the previous year and much lower than in 1973-74. Moreover, the gearing and debt/

equity ratios of the sector as a whole were much more favourable than during the liquidity squeeze of 1975. For the year as a whole the real rate of return of companies outside the North Sea sector was probably about 4½ per cent before tax and after adjusting for capital consumption at replacement cost. This was broadly the same as in 1977, but compares with a range of 8 to 9 per cent in the early 1970s.

From the autumn onwards, however, there was a turn for the worse. The recent Bank bulletin blamed the erosion of profitability on "increasing raw material costs (reflected in an 18 per cent increase in stock appreciation in the second half); a firmer exchange rate (squeezing competitiveness at home and abroad); the increase in the national insurance surcharge; and the stagnation of output and productivity."

## Pressures

These pressures were reflected in an increase in the sector's financial deficit from nearly £400m to £876m between the third and fourth quarters. Bank borrowing by the sector also accelerated to £800m in the final three months of 1978. The squeeze has undoubtedly continued so far this year. The CBI recently estimated that industrial and commercial companies' pre-tax rate of return at replacement cost was 3.8 per cent in the first three months of this year, 1.4 points lower than 1978. After excluding North Sea operations the real

rate of return was 2.9 per cent compared with last year's average of nearly 4½ per cent. The decline was the result of a small drop in gross trading profits coupled with a further sharp increase in stock appreciation because of the re-acceleration of inflation. The fall in gross trading profits was partly due to the exceptional impact of the industrial disputes and the bad weather of the first quarter. But there appears to be an underlying decline in profitability as a result of both continuing sharp rises in unit labour costs and of the strength of sterling, up more than 9 per cent against other currencies so far this year.

The CBI warned that "with the prospect of weak demand both at home and abroad and cost competitiveness at present 15 to 20 per cent worse than two years earlier the prospects for company profitability in future months are bleak." The Bank has commented that "the prospect is that the pressure on the profitability and financial position of companies will continue."

The extent of the deterioration and its implications for industry's demand for external finance is still unclear. It will depend in part on the extent of the rise in the inflation rate and on the depth of the downturn in economic activity over the next year. On the income side the growth of profits of industry outside the North Sea sector is likely to slacken significantly because of cost and exchange rate pressures. On the other

hand, there may be a continuing rise in interest payments (reflecting previous borrowings and high interest rates) and in taxes and dividend payments.

But inflation could push up the amount required to finance stock appreciation by between £1½bn and £1½bn from last year's figure of £3.2bn. The big uncertainties are fixed investment and the physical level of stocks.

Consequently stockbrokers Phillips and Drew have projected a rise in the published financial deficit of companies from £2.3bn last year (£1.5bn after excluding North Sea activities) to £3.9bn (the same ex-North Sea) this year and up to £5.4bn in 1980 (£4.8bn). Brokers Wood Mackenzie have projected a rise in the deficit to £4bn this year and £4.5bn in 1980.

These projections are open to a wide margin of error and a better guide to the underlying financial position is believed by some analysts to be the demand for external finance. Phillips and Drew suggest that this may rise from £1.2bn last year to £3.3bn this year and to £5.7bn in 1980. This is after adjusting for unmet profits and fixed investment both in the UK and overseas.

The balance of supply of this external finance will depend in part on the size of rights issues of new equity capital. So far this year these issues have been running well above last year's level. But there is still likely to be a significant rise in new bank borrowing by industry. Phillips and Drew suggest that additional borrowing could rise

from just under £2.9bn last year to £4bn this year and £5.3bn in 1980. Wood Mackenzie, who are more bullish about rights issues and other sources, estimates that additional bank advances will be £3.5bn this year and £4.7bn in 1980.

The pattern could be extremely uneven. Borrowing has been boosted so far this year by the industrial disputes and by the bad winter as well as by stockbuilding ahead of the pre-Budget consumer boom. The profits squeeze and the resulting financial deficit may sustain borrowing. On the other hand, if the economy does move into a deep recession, spending on fixed investment may be reduced and stock levels may be cut. This could lead to a slower growth of bank lending to industry.

The timing remains uncertain. The net liquidity of industry has already started to decline and is likely to deteriorate further in the next year. But it is too soon to draw comparisons with 1974-75. As Phillips and Drew have pointed out, gearing is now down to 18 per cent compared with 28 per cent at the end of 1974. The improvement has resulted mainly from higher levels of internal cash-generation and from the sale of rights issues in 1978. The brokers warn, however, that the financial pressures of the next year or so could boost gearing to around 21 to 22 per cent by the end of 1980.

Peter Riddell  
Economic Correspondent

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# Clearing banks widen loan facilities

THE CLEARING banks are major providers of medium and long-term funds for industry. The most outstanding example of this is traditional overdraft lending which is available on short-term but very often of a hard-core nature. Increasingly, however, the banks are seeking to replace this hard-core overdraft finance with agreed term lending facilities. As one banker said recently: "Until a few years ago, when someone came to us for money to buy a factory we automatically put it on overdraft. Today we give him a loan."

The big clearing banks are indeed universal banks in the sense that they provide a very wide range of banking services for the corporate customer as well as for the individual. While the British banks stop short of heavy involvement in equity finance for industry the difference between the British and German approach to banking is diminishing rapidly.

The overdraft has long been the most popular form of lending for the corporate sector in the UK, because of its flexibility and relatively cheapness. Apart from signing a standard form of security the amount of documentation attaching to it is minimal. The clearing banks have up to now favoured the overdraft as their vehicle for lending to industry because it presented no matching problems, with deposit rates moving in line with lending rates.

However, the overdraft is linked through the basic rate mechanism to current account and seven-day deposit rates, which are no longer the whole of the bank's funds. They are forced to resort to borrowing "wholesale" themselves because of competition in the High Street for deposits from the building societies, allied to the high public sector absorption of savings. This wholesale deposit-taking is now thought to account for 25 per cent of clearing bank deposits, though the proportion has been up to 35 per cent.

Against this background, the increasing amount of medium and long-term finance which the clearers are lending is inevitably raising questions of the banking system—how long and to what extent can banks lend and borrow short. At present the banks rely to a great extent on the historical stability and loyalty of their current account balances.

Nevertheless the clearing banks have over the past decade made what one of the country's leading bankers, Mr. Deryk Vander Weyer, recently described as a "wide-ranging attack" on the corporate market. The upper reaches of this market were in danger of being lost to the non-clearers and the merchant banks. The present trend, which Mr. Vander Weyer expects to continue into the eighties, is for a two-tier lending rate structure to develop around the overdraft.

On the one hand, larger customers are switching to inter-bank rate-related advances not only for medium-term finance but also for working capital, and they are drawing loans from a variety of banks as it suits them. For them, the overdraft may become a standby facility, for the provision of which the charging of a fee may become more common. However, he expects that smaller companies will continue to rely on the overdraft because they are unable to handle economically the administrative complexities of roll-over dates and draw-downs associated with inter-bank rate linked borrowing.

Accompanying this trend, towards greater sophistication in large corporate borrowing, there is a gradual breakdown of the old "one company-one bank" relationship. Corporate treasurers appear willing to shop around more and more.

But apart from the overdraft, what other forms of medium and long-term finance are avail-

able from the clearing banks? The facilities available range over loans up to 10 years, and longer if necessary, from the clearers' merchant banking subsidiaries, project finance, leasing, some fixed rate lending, and "wholesale" lines of credit.

Bankers argue that Government dominance of the medium and long-term public debt markets has obliged companies to turn to the banks for more and more medium-term credit. The clearers tend to limit themselves to loans from 8 to 10 years, but longer terms are available. Barclays Merchant Bank, for instance, will "exceptionally" go up to 15 years, though "10 to 12-year loans would be the norm."

It is virtually impossible, the clearing banks say, for them to obtain medium-term savings from the public. Consequently, to quote Mr. Vander Weyer: "No one can say how far the banks dare go on lending longer while the system denies them a proper lending base in the form of genuine medium-term savings to match their loans."

For similar reasons the supply of fixed rate funds prevents the clearers from becoming too involved in fixed rate lending to companies. Unless there is a reduction in public sector debt resulting in greater availability of funds for which the situation is expected to continue.

The increasing use of "wholesale" lending—the granting of straight credit lines on loan or acceptance credit without necessarily any other banking relationship—may also be regarded as a source of medium-term funds. Today the larger company has direct access to the London money market as an alternative to using the clearing bank branch network. In this way companies may obtain borrowing limits for agreed periods.

Barclays Bank expects this form of company finance to develop significantly over the next 10 years. In response, the clearers may be expected to

develop corporate branches, or branches with separate managers for large corporate customers. Indeed, the larger corporate business will probably tend to by-pass the local branch in favour of the specialised expertise available at head office.

Allied to all this the clearing banks are being forced to re-appraise their approach to lending. Historically, the clearers have the reputation as banks which want to lend against the security of assets, covered by fixed (preferably) or else floating charges. This has resulted in criticism from the American banks in London, which claim to apply the "going concern" approach to lending in contrast with the clearers' "liquidation" approach. The criticism has upset the London majors, and it seems probable that there was something in what the American banks claimed.

At least the clearers are responding. Only recently one clearer sent a few thousand bank managers on a one-off intensive course in management accounting run by accountants Arthur Andersen. Today the official line is that the clearers use both the going concern and liquidation methods in assessing lending.

With all this happening in the clearing bank sector, the scope for the merchant banks is increasingly limited. Only recently Hill Samuel confirmed that it is no longer concerned to expand its banking business as much as other more profitable activities. The hopes of others are directed more and more towards putting together and making a small contribution to loans. The larger accepting houses will continue to seek equity stakes in the larger private companies, in anticipation of eventual sales or flotation. But the medium-sized company may increasingly go the way of the clearing bank-owned merchant banks.

Michael Lafferty

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MEDIUM AND LONG-TERM FINANCE III

# Potential of the big funds

IN 1979 the total of cash inflows for the major investing institutions could well approach £10bn—a figure that does not include the building societies, which took in around £5bn in 1978, and will be aiming to attract substantially more this time.

During the life of the previous Government the rapid growth of the resources of the institutions never resulted in a great increase in the flow of funds to industry. The money was mostly mopped up by the persistent large financial

deficits run by the Government, the counterpart of which was sales of gilt-edged securities running at £5bn or more a year. It was also absorbed by steady selling of existing ordinary shares by private individuals. The institutions have rarely threatened to develop "cash surpluses" which would force them to find new avenues for their funds.

So far the Conservative administration has followed much the same path as its predecessor, raising interest rates to a level which has forced

down the equity market and made sure of heavy purchases of gilt-edged.

But the Tories have also started to dismantle some of the anti-investor aspects of the personal tax system, initially by cutting back the extremely high rates of tax formerly payable on investment income. And the philosophy of the Government is certainly to cut back the level of public borrowing as soon as is practicable.

There is thus an intriguing possibility that at a later stage in the life of the Government the institutions will be buying fewer gilt-edged and will find private investors less keen to sell out to the big funds. What kind of new shape might the capital markets take on in such circumstances?

Different institutions do of course have rather different objectives. The largest single group comprises the life assurance offices, which had a bumper year in 1978 when their revenues jumped by two-fifths to just over £4bn. Traditionally they are quite heavily invested in fixed interest securities because although many of their policyholders share in profits, they by and large have commitments which are fixed in money terms.

With the pension funds, how-

ever, where the liabilities rise in line with the inflation of wages, there is an emphasis on equity-type investments which offer at least the hope of a return which rises in line with inflation. Last year the income of the pension funds climbed by around 16 per cent to £3.7bn, with particular buoyancy noticeable among the big public sector funded schemes.

Other investment institutions include the unit trusts and the investment trusts, but while there are substantial sums under the control of these groups the net inflows are comparatively small. Net sales of unit trusts, for example, were £0.24bn in 1978 and much of this represented investment in overseas trusts which have provided the main growth area for trust managers in recent years. Quite a number of trusts invested in British shares have actually been suffering net repurchases recently.

Investment trusts are a more clearly shrinking area. They sell at a large discount to the value of their underlying assets, and this has made them vulnerable to takeover bids from the rapidly expanding public sector pension funds. In any case, investment trusts are also heavily weighted towards overseas investments, which account

for about a third of the sector's assets.

Mention should also be made of the general insurance companies which enjoy quite large cash flows—net investment has been running for some years at about £0.7bn annually—but have been reluctant to become too exposed to the equity market after the 1974 shake-out of share prices which caused insurance companies considerable balance-sheet embarrassment.

## Dominant

So as far as the supply of funds to industry is concerned, the life companies and pension funds, especially the latter, are the dominant influences. In both 1977 and 1978 the pension funds invested about £1.5bn in ordinary shares, against about £0.6bn in each year for the life offices (many of which run thriving pensions businesses).

Two key factors determine the rate at which the big funds buy equities. One is the rate of the transfer of existing shares from small private investors—which is partly a function of the level of the stock market. The other is the rate at which companies issue new shares. Because of the dearth of new flotations, most new shares are

created through rights issues, though there was a big institutional interest in the STC offer for sale last month, for example.

Since the peak year of 1975—when Ordinary shares of £1.27bn were issued by listed UK companies—rights issues have declined to an annual level of under £1bn in the past two years (though there has been something of a spurt since the election). At times this has left institutional fund managers chasing prices upwards, though the lure of gilt-edged has often moderated the enthusiasm for equities.

Fund managers have an alternative to equities in the property market, which has absorbed funds at the rate of something like £1bn a year. But the supply here has been very restricted and values have become less attractive.

So there is a chance that as Conservative policies are carried out, and the private investor comes back more actively into the stock market on his own account, there could develop a major bull market in equities. The "weight of money" argument which has been frequently cited by bulls in the past, but has never properly been justified, could at last prove to be valid.

Of course a stock market

boom would eventually affect the balance of demand and supply. Companies and entrepreneurs would be attracted by the high level of prices to issue more shares. Institutional flows would also be reduced—as companies cut their contribution rates because their pension funds were in surplus, and as the savings ratio fell back from the exceptionally high level of the past few years.

At this stage, the Government has still to achieve the big cut-back in borrowing which is a prerequisite and share prices have been going through a nervous phase. The institutions have moreover been getting a little jaundiced about the kind of rights issues that are being launched, which have tended to be opportunistic affairs rather than designed to finance specific investment programmes.

They have become conscious that the preference of the big funds for big companies to invest in has sometimes operated too much in favour of the industrial and commercial giants. The institutions have become much more active in the shares of small listed companies and are also venturing more actively—with half an eye on the Wilson Committee—into the unquoted sector.

The force of the institutional tide has been such that shares of small companies have performed much more strongly than those of the blue chips in the past two years or so. In this respect virtue brings its own reward (until the tide turns). Sometimes this investment has been by funds themselves, sometimes through specialised intermediaries like small company unit trusts.

Interestingly, some of the institutions have chosen to double in the unlisted sector which is where many feel the real financing gap, if there is one, exists. Examples are the British Gas pension funds and Prudential Assurance which have joined up with Midland Bank in Moracrest, which takes stakes in unquoted companies. Moracrest invested £2.3m in its first full trading year.

Electra Investment Trust is also actively seeking unquoted investment opportunities and recently called on senior executives of subsidiaries of public companies to put forward ideas for living off their operations from the parent concerns, where they "may no longer fit within the corporate pattern of the parent".

Even the building societies have told the Wilson Committee that they have from time to time asked the question whether they might move into the area of industrial finance. They have considered whether they might direct money to Finance for Industry, for instance, in certain circumstances. But at present there does not seem to be demand from industry beyond the capacity of the banks to meet it.

This is a general problem for the financial institutions—industry simply does not appear to have a really major requirement for long-term capital. If sterling continues to be strong it could be that the investment opportunities which the institutions will need to replace gilts will have to be found as much overseas as among the ranks of British industry.

Barry Riley

## Ideas on small companies

A MAJOR review is being carried out by the Government of methods of encouraging businessmen to found and expand small companies. Aware that the Budget alone will not be enough to release the entrepreneurial drive that is needed to boost significantly the number of successful small companies, Sir Keith Joseph's Department of Industry is working on a number of methods of helping entrepreneurs to obtain equity and loans and to acquire and develop technological expertise.

Some of the ideas are similar to those that were being assembled by Mr Harold Lever, the last Government's Cabinet Minister responsible for small companies. Others are new, among which are more generous taxation concessions than would have been possible from a Labour Government (despite Mr Lever's personal inclinations).

On the other hand there is now little interest in developing major new institutions—so there seems to be little chance of an American-style Small Business Administration being created despite the fact that it has been called for by several small companies' representative organisations.

Ideas proposed in the Wilson Committee on Financial Institutions report at the beginning of the year will be taken into account by the Government, but the report now has less significance for future policy developments than if a Labour Government had remained in power. In particular, Conservative Ministers are critical of the report's failure to come to terms sufficiently with the need for major taxation changes.

Instead another report has been passed around Whitehall and is being treated seriously by Ministers and their advisors. It has been prepared by the Massachusetts Institute of Technology after a study of the performance of 5.8m companies in the U.S. from the end of the 1960s to 1976. It suggests that there is a "life cycle" of companies being created and dying, and stresses the crucial role of small young companies in stemming the tide of unemployment.

Researches showed that small businesses with 20 or fewer employees generated a remarkably high 66 per cent of all new jobs in the U.S. between 1960 and 1976. There was a marked fall for larger companies, with those employing 21 to 50 providing 11.2 per cent of the total. Those with 51 to 100 employees provided 4.3 per cent, while those with 101 to 500 employees provided 0.2 per cent. Further statistics showed that 80 per cent of all new jobs were created in companies up to four years old, a figure which fell sharply to about 9 per cent for five-year-olds, eight-year-olds and to 5 or 6 per cent for those of nine years or over.

## Young

"The job generating firm tends to be small. It tends to be dynamic (or unstable, depending on your viewpoint)—the kind of firm that banks feel very uncomfortable about. It tends to be young," concludes the report. It also shows that the firms that can and do generate the most jobs are the ones that are the most difficult to reach through conventional policy initiatives."

In a further passage that brings instant agreement from the Government and financial institutions in the UK as well as in the U.S., the report adds: "The very spirit that gives small firms their vitality and job-generating powers is the same spirit that makes them un-promising partners for the development administrator."

Faced with increasing worries about the prospects of unemployment in the years ahead, Ministers have seized on this report as evidence of the need to spend Government time and money helping small companies with devised initiatives in addition to the taxation incentives contained in the Budget. Further taxation changes will follow in the next couple of years. Other plans that have already been announced include amendments to the Employment Protection Act and company

law changes to exclude a new category of proprietary company (small businesses managed by the people who own them) from certain disclosure and auditing requirements.

But the main possible initiatives now being worked on in the Department of Industry—where Mr David Mitchell is the junior Minister responsible for the small business under Sir Keith—are concerned with the provision of equity and loans. It is accepted in the Department that the major problem is equity, but there is a feeling that the problem may be so difficult to solve that the question of loans must be given a high priority as well if the gap is to be filled.

This argument stems from small businessmen's dislike of handing over some of the ownership or managerial rights to people who provide them with funds. Because of this, Ministers are considering whether something can be done to overcome or bypass this resistance and so open the way for a greater flow of equity funds. The Department is specially concerned here about the tiny company that has no financial expertise and whose financial requirements are too small for organisations like the Industrial and Commercial Finance Corporation.

## Autonomy

One idea being considered is whether it could be made easier for the founder of a small business to be able to buy out a provider of equity after a certain period so that there is no permanent loss of autonomy. Questions of royalties and voting rights are also being examined to see how a small businessman can be protected from interference by people who provide him with funds. No conclusions have yet been reached as to whether these ideas are viable and should thus be backed by the Government.

Ministers are also studying a new Federal German Government venture capital scheme. In addition, consideration may be given to the Wilson Committee's idea for a new type of investment fund called a "small firm investment company" which would invest in unquoted small companies but itself would be quoted on the Stock Exchange.

On loans the Government is taking a somewhat different approach from the Labour administration, which hooked itself on the idea of a guarantee scheme for clearing bank loans, possibly backed by some State funds. The new approach starts with an examination of what can be done to help banks assess the risk involved in lending to the untried small business or project. The hope is that the banks will be more willing to provide loans if someone will help with the assessments that they themselves are generally ill-equipped to carry out cost-effectively. If at the same time the banks were willing to introduce new guarantee arrangements, they would receive encouragement but no State aid from the Government.

To try to improve the job of assessment, Ministers have been studying the operations of the Council for Small Industries in Rural Areas (CoSIRA) and the Agricultural Credit Corporation, which bring expert knowledge gained through their consultancy and other services to the job of assessing the viability of business propositions.

One idea being considered is whether the Industry Department's small companies counselling services, which are located around the country in regional centres, could be adapted to provide just such an expert assessment service for local banks and other financial institutions. Such help is already provided informally but might be extended and formalised.

The Government is unlikely to reach any major conclusions on these ideas till the end of the year. But general concern about rising unemployment plus Sir Keith Joseph's determination to discover the secret of reinvigorating entrepreneurial spirit in industry make it certain that some new initiatives will be produced eventually.

John Elliott  
Industrial Editor

# Would your bank manager buy you a new Rolls-Royce?

If you run a company, you will know that your needs aren't always obvious or straightforward. In fact, business necessities can seem unusual to outsiders. For instance, you could need a company plane.

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MEDIUM AND LONG-TERM FINANCE IV

# The lending agencies and their scope

## National Enterprise Board

THE INCREASED competition among lenders of medium and long-term finance created both by the activities of the National Enterprise Board and the clearing banks has left one City institution, Equity Capital for Industry (ECI), still searching for a role with which it can be widely identified. At the same time Finance for Industry (FFI), backed by the major English and Scottish banks and the Bank of England has had a less open field than it has traditionally enjoyed over the years, with the result that it has on occasion been beaten to investments which it would have liked for itself.

This situation tends to confirm the much discussed view that there is no shortage of funds for investment in companies. Rather it is a question of a shortage of suitable investments, or of companies willing to accept the terms attached to this class of money.

### Backing

Against such a background it is perhaps not so surprising that ECI has got off to a slow start, since its very existence is due to the view that there was a gap in the market for finance. Set up as a result of a City initiative and with backing from insurance companies, investment and unit trusts, pensions funds and FFI, by the end of its second financial year in March, 1979, it had made a total of seven investments valued at £9.4m.

In this period ECI had adopted a passive role, relying on City institutions to spread the word as to its existence and its role. As Lord Plowden, ECI's chairman, commented in his last annual report, this had resulted—according to a consultants' report—in ECI being "either unknown or its role misunderstood."

It has since adopted a more active and aggressive stance, making direct approaches to companies and developing what it feels is a more flexible range

of facilities aimed at allowing ECI to become a "significant minority shareholder" in industrial companies by way of direct subscription to ordinary shares, or by way of finance in the form of convertible preference shares or convertible loan stock.

### Hinted

The companies ECI aims to invest in have a market capitalisation of between £1m and £40m and the investment will be made "only when it is clear that we are supplementing the primary role of the equity market," according to Lord Plowden, when reiterating the company's policy. Yet he also hinted at allowing greater flexibility of operation when he said that "we must recognise the unusually rapid changes in financial conditions that companies face, for example, the volatility of interest rates and the changing pattern of the 'right' market. If it is to develop in a constructive way, ECI must adapt as external market conditions change."

Over the past decade the Government has pre-empted the company sector's position in the primary capital market. In 1968 sales of public sector debt to the private sector, excluding the banks, amounted to just £23m. By 1978 the figure had exploded to £7.3bn, of which gilt-edged securities amounted to more than £5bn. The net amount of money raised by industrial and commercial companies in the stock market rose from £482m to only £741m over the same period, and the issue of fixed interest debt by companies dried up altogether.

If the new Government fulfils its promises, this position could be reversed within the next five to ten years. Already some of the more adventurous City analysts are sketching out what might happen if the public sector financial deficit were to

After allowing for those applicants which withdrew, the gross investment made by ICFC was £68m to 783 companies. ICFC's investments are made by way of medium- and long-term loans or equity participation, or a combination of both. Its equity portfolio at March 31, 1979, totalled £55m, representing investments in 860 companies. Another part of ICFC's role which is of particular interest given the need to develop more industry in the depressed areas of the UK is its administration of funds from the European Coal and Steel Community (ECSC).

The ECSC provides funds at very reasonable rates of interest to back projects that provide employment for people made redundant in the coal and steel industries. ICFC assesses projects and can approve them or recommend to ECSC that they be backed. This is a role that is also carried out in the UK by the British Steel Corporation itself.

### Orbit

FFI's other major subsidiary, Finance Corporation for Industry (FCI) looks after the big

end of the market—that is, large companies which do not fall within the orbit of ICFC. Over the past couple of years it has been rather less active than its sister company, simply because high interest rates and the continuing wide margin between fixed and floating rate money has deterred companies from making large investments. Nevertheless, FCI's lending in 1978-79 rose by £20m over the previous year's figure to a total of £63m.

Nicholas Leslie

THE FUTURE of the National Enterprise Board (NEB) as a source of medium and long-term finance is now in doubt following the election of the Conservative Government. A review of the role of the NEB is still being carried out by Sir Keith Joseph, Industry Secretary, and it is not yet certain whether he will announce preliminary conclusions, as had been planned, during the next few weeks before the Parliamentary summer recess or later in the year.

The initial review concerns the Government's wish for the NEB to provide £100m towards the film that the Chancellor of the Exchequer wants to raise this year by the sale of State industry assets. The NEB has suggested that the money could be partly raised by merging its electronics and computer interests into a new subsidiary which would be partly sold off to the private sector to the tune of £50m. A further £40m would

be borrowed from City institutions for Rolls-Royce, and other NEB activities would be trimmed by £10m. This plan has not met with instant acceptance in Whitehall and is to be discussed by Sir Keith and Sir Leslie Murphy, NEB chairman. The alternative idea, which is more in line with Conservative policy for "trimming the NEB's powers, involves it selling off some or all of its holdings in Ferranti and ICL, and, perhaps, Fairey Holdings.

Beyond this immediate issue lies the longer term role of the NEB which will be dealt with in an Industry Bill in the autumn. The Government seems committed to its manifesto pledge of keeping the NEB in being to look after "lame ducks" such as BL, Rolls-Royce, and Alfred Herbert, and it has also agreed under some pressure to preserve NEB's role of encouraging high technology developments like

its INMOS micro-chip venture. But what is far less certain is whether the NEB will be allowed to continue with its entrepreneurial merchant bank role of helping small and other companies with equity and loans. This role is contrary to Conservative policy and may well be stopped, even though the NEB has floated the idea that it could eventually assemble some of its successful ventures in a small and medium companies subsidiary and then invite a private equity stake in the same way as it has proposed for the electronics field.

The NEB at present has investments in some 60 companies and is the sixth largest industrial group in Britain, with a total turnover in 1978 of over £4bn and with more than 250,000 employees. These figures are dominated by BL but include the considerable number of small and medium-sized companies as well.

John Elliott

# Reviving the Stock Exchange's role

THERE ARE two ways to establish the Stock Exchange as a prime source of long-term funds for industry. One is to improve the existing mechanisms of the market-place. The other is to change the financial environment. The second, if it could be done, would be by far the more important.

Over the past decade the Government has pre-empted the company sector's position in the primary capital market. In 1968 sales of public sector debt to the private sector, excluding the banks, amounted to just £23m. By 1978 the figure had exploded to £7.3bn, of which gilt-edged securities amounted to more than £5bn. The net amount of money raised by industrial and commercial companies in the stock market rose from £482m to only £741m over the same period, and the issue of fixed interest debt by companies dried up altogether.

If the new Government fulfils its promises, this position could be reversed within the next five to ten years. Already some of the more adventurous City analysts are sketching out what might happen if the public sector financial deficit were to

decline in money terms in the period up to the mid 1980s as a result of rising North Sea revenues and the Tory commitment to restore a system of sound finance. If at the same time the inflows into insurance companies and pension funds were further boosted by a rise in money incomes, then the institutions' continuing demand for fixed interest securities would have to be met by somebody apart from the Government broker.

That would be the time for a revival in the corporate bond market, which used to raise several hundred million pounds annually in the 1960s, and has actually been a negative item in the company sector's source of funds during recent years. The institutions could also restore their stake in the industrial and domestic mortgage market to the higher levels which were general before interest rates became as erratic as they are now. Purchases of ordinary shares—which now account for under a quarter of the institutional cash inflows—could also rise to much higher levels. Such trends may sound like moonshine. But as brokers L

Messel pointed out in a recent financial analysis, they look much more credible if the investment patterns of the 1960s are recalled. Then the market-place really did play a part in allocating resources to companies and industries. The long-run effect of cutting the public sector borrowing requirement would be to take this task away from the public sector, by cutting back industrial subsidies, employment grants and so on, and hand it over to private financial institutions. If this happened, the Wilson Committee could pack its bags, and the Stock Exchange would become the artery through which long-term new capital flowed to industry.

### Decline

Pending the new dawn, however, the existing stock market mechanisms are not perfect and need to be improved. A particular cause for concern at present is the continuing decline in the number of equity securities of companies registered in the UK. These have fallen from over 3,000 in 1974 to a current figure of under 2,400, as far more companies have disappeared through takeovers or natural causes than have emerged for the first time as new listings.

In an effort to counter this trend the stock exchange authorities took active steps last summer to promote dealings in the shares of unlisted companies within the stock exchange under Rule 163 (2). This facility was not new, but in the past jobbers were not encouraged to run a book in

such securities. That changed once the stock exchange started to promote these dealings last summer—and the results have surprised the authorities.

Dealings under Rule 163 (2) have been running at about £1.5m per week in recent months, that is still less by the standards of the listed security market—but it is about 23 times the level seen a year ago. The worry is that the market is almost completely unregulated. All bargains are struck on a conditional basis, and are subject to permission to deal being granted by the exchange authorities. But only in very rare cases has such permission not been immediately forthcoming. Unless the rules are changed, there is going to be a scandal sooner or later. Aware of this threat, a subgroup of the quotations committee is currently looking into ways of controlling the market without killing it.

Only two conclusions seem to be definite at this stage. One is that the committee is not going to recommend a sort of second division for the listed market, but will try instead to decrease the category of unlisted securities. The other is that trading in such securities will be kept on the existing floor of the house, for reasons both of economy and efficiency.

That apart, the Exchange will have to tread a very delicate path. If the new category is made too attractive, there must be a real risk that second line listed companies—whose securities may be traded only very infrequently—may drop down

into the unlisted sector. If it is made too tough, though, the market will lose its point.

It is arguable that the minimum capitalisation for a listing in the UK is too small—£500,000 against \$10m in New York. Would it be desirable to reduce this barrier still further for the unlisted sector? A listed company has to show a trading record of at least five years. Would it be wise to let the public in for anything less? And although it is obviously desirable that such a market-place should be seen as a staging post towards a full listing, it is doubtful whether the Stock Exchange could or should make dealings in an unlisted share conditional on the company applying for a full listing after any particular period of time.

### Rights

The Stock Exchange must ensure that unlisted companies have a rapid and widespread system of publishing price sensitive information. Thereafter, it will probably have to be content with "great smelter" signs. We shall be hearing more of this in the autumn.

Meanwhile there is also scope for rethinking the mechanism of the rights issue—which has become far and away the biggest source of long-term capital derived by industry through the Stock Exchange. In recent years, the rights issue has not proved to be an efficient way of allocating equity funds to the companies that can make the

best use of them. There have been three reasons. These were the existence of a system of statutory dividend controls which did not apply to companies raising equity capital, the dependence on a somewhat rigid underwriting formula, and the absence of any detailed requirement for the company raising funds to say what they were for.

The upshot has been that companies with the most dubious prospects and inefficient management have been able to raise the equivalent of about a fifth of their market capitalisation so long as they have been willing to bump up their dividend payment at the same time. Now dividend controls are ending. And there is a growing feeling that a rights issue should be accompanied by a detailed prospectus of the company's future plans. In such an investment climate it should not be beyond the wit of the City to find a system which still gives existing shareholders first priority—but which also enables new companies to raise amounts of money which are related to their actual investment requirements rather than to a rigid formula based on their market capitalisation.

After all, if there is even a slight possibility that the private sector investing institutions could take on a bigger role as a provider of long-term funds for industry, they are going to need a mechanism which works efficiently.

Richard Lambert

# Where the balance sheet does not tell all

OFF-BALANCE SHEET finance is an expression that ought to make the auditing profession very concerned. Its implications are that a business has obtained more borrowings than are shown in its accounts, certainly on the face of the balance sheet.

There are numerous methods of "off-balance sheet finance" but the best known are probably leasing, factoring, and project finance, where repayment depends on the outcome of a particular project. The latter form has been employed a great deal in the finance of North Sea oil and gas exploration.

The attractions of all "off-balance sheet" finance forms to the companies using them must reside around the fact that they are a source of additional funds which do not affect the shape of the balance sheet.

It may seem odd that despite the fact that off-balance sheet finance has been around in one form or another for many years the accountancy profession has not yet come up with any proposals for dealing with it. So far only leasing has received consideration from the Accounting Standards Committee (ASC), the profession's rule-making body on company accounting matters. Although work has been going on for years and most auditors and finance directors seem agreed about how to account for leasing in the lessee's books, not even a draft accounting standard has yet been issued. The reason for this is that the ASC is facing strong pressure from leasing companies to allow leasing to continue off-balance sheet.

The leasing companies (lessors) believe that the most appropriate way of reflecting a leasing transaction in the accounts of the lessee is simply by inserting a note to the accounts showing leasing obligations. They are opposed to the auditors' view that leased assets should be "capitalised" in company accounts, together with the related liability. The capitalisation follows through from the notion which many accountants hold dear—the substance over form argument. In this case it is said that leasing is nothing more than a method of borrow-

ing money to acquire an asset. The concept of substance over form is not one of the UK fundamental accounting concepts enumerated in statement of standard accounting practice No. 2. However, it is contained in the international accounting standards and is probably accepted by a majority of UK accountants.

It is instructive to consider why the leasing companies want to have leased assets off-balance sheet. If they were not, it would remove one of the industry's main marketing points. Secondly, there is the greater fear that once it became standard accounting practice to capitalise leased assets the Inland Revenue might seek to change the law in relation to capital allowances.

Under the present system capital allowances on leased assets are attributable to the lessor. Indeed few leasing company executives would argue with the view that leasing is entirely tax-based. No doubt leasing would always exist, but it seems unlikely in the extreme that it could reach anything like its present boom levels without the exaggerated capital allowances system.

### Disrupted

If capital allowances on leased assets were suddenly to become attributable to the lessee, under the present tax system, the leasing industry would be severely disrupted. However, this seems an unlikely development, according to Inland Revenue sources.

The best known example of off-balance sheet leasing finance where a company subsequently hit the rocks is of course Court Line, the holiday concern which collapsed in 1974. These are some extracts from the Inspectors' report on the company's failure:

"It was not Court Line's practice to disclose its lease obligations other than the mandatory details of the actual annual charge for assets being leased. In practice Court Line made extensive use of 'off-

balance sheet" borrowings, and in consequence its true commitments were never disclosed. . . Off-balance sheet borrowings significantly increased this gearing."

Included in Court Line's leasing obligations were borrowings relating to two TriStar airliners. These had been leased over 15-year contracts which involved rental payments of approximately £1.19m for the first two years and £2.2m per annum for each subsequent year.

Court Line charged the rental payments on an actual basis as opposed to equalising them, as might seem appropriate under normal accounting practice. In consequence the profits for each of the first two years suffered a smaller charge than those in the subsequent years. The effective benefit for the first two years' accounts amounted to £2.2m.

There is no way that any sensible accountant would seek to justify such a practice—today, leasing companies say—adding that if Court Line had given the information advocated by the Equipment Leasing Association in the form of a note everybody would have been warned. However, so long as leasing continues off-balance sheet, or there is inadequate note disclosure, companies will be able to organise their leasing repayments as they wish, with the consequent impact on reported results.

Take the case of the company which thought it might face problems over its unexpectedly high profits with the Price Commission. At the last minute it is reported to have gone out and leased an executive aircraft with the lease payments suitably "front-loaded" so as to come up with an acceptable figure of reported profit.

Today, with leasing finance representing something like 25 to 30 per cent of money spent on plant and equipment in the UK it would seem that every company concerned with company financial reporting would be aware of the necessity to reveal more about leasing commitments in company accounts.

Unfortunately this does not appear to be the case. No research appears to exist on what practice major companies are observing, while even the largest accounting firms do not have clear policies on the matter.

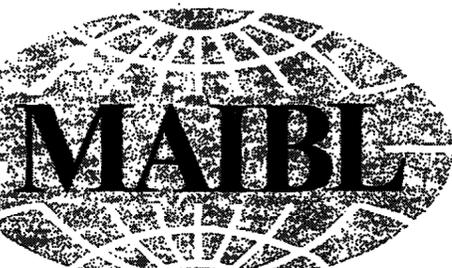
### Debtors

Factoring of debtors is another somewhat similar form of finance but one where the actual legal arrangements may be very different in individual cases. In the simplest case, where a company sells its debtors to a factoring company, there may be no case for leaving the trading debtors in the balance sheet. The appropriate treatment, according to an article by Arthur Andersen partner John Rule which Alex Lawrie Factors sends to its clients, is to show the overall debtors in total and to deduct therefrom the payments received from the factor in advance of settlement by customers. An additional point is that companies should disclose by way of notes their contingent liabilities in respect of debtors factored on a "with recourse" basis.

In the case of factoring where debtors are simply pledged by the company as security for a loan the accounting treatment recommended by Mr. Rule is somewhat different. The loan should appear on the face of the balance sheet with a note stating that it is secured by assignment of so much of trade debtors.

Whether all this happens in practice is not clear. There is simply no research available into what companies actually do in their financial statements. The changes are, however, that factoring does take place without disclosure that it is going on. Indeed it might be that companies would be embarrassed if it were known that they had factored debtors, given the somewhat "last resort" connotation which factoring still carries.

Michael Lafferty



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هكمان الأهل

# THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

## There are 8,500 radio stations in the U.S., handling more than \$3bn worth of advertising

### American brainwaves

BY DON BECKETT

NEXT TIME there is a seminar, workshop or conference at which radio advertising is being discussed, we must be prepared for a few items on the programme, especially if there is anyone on the organising committee who was in New York recently. Among the 800 delegates at the annual ANA/RAB Radio Workshop at the Waldorf Astoria Hotel were 50 or so British radio buffs in a party specially organised by Air Services.

One of the contributors from the platform was Dr. Sidney Weinstein, president of Neuro Communications Research Laboratories. He and his colleagues have been writing up respondents and attempting to make a direct measure of their brain activity when exposed to advertising messages.

Not surprisingly in view of the occasion, the particular experiment reported by Dr. Weinstein showed that brainwave scores rise (after radio exposure) on each of his two measurement scales - activation and interest - so if one of these days you hear radio people talking about waves, do not assume that they are short, medium or long. They could be brainwaves.

For all its 50-plus-year history, its 8,500 stations and its \$2.95bn worth of advertising revenue in 1978, commercial radio in the U.S. is still very much a supporting, not a primary, medium for most advertisers. Radio accounts for only 5 to 10 per cent of a typical agency's media turnover, so that problems arise concerning the quality and weight of resources that can be allocated to it. This applies particularly to the creative side, but also to the media area where major independents like SFM and Vite are highly active and successful.

The media effort in U.S. radio is largely devoted to solving two problems: first, the huge number of stations involved - imagine the UK with perhaps 2,000 stations instead of 20; second, the variety of audience

research sources available, which contrasts with our basic single source JICRA-approved system. The two problems are related, because individual stations naturally quote and use the audience source which shows them in the best possible light.

One of radio's great merits is its relatively low cost-per-thousand audience for the delivery of advertising messages. Traditionally in the U.S. radio represents an average of 30 to 40 per cent of the relevant TV cost, although there are many exceptions to this generality. With so many stations to choose from, a high degree of selectivity

greater selectivity and greater competition, or it may be because of their lower overheads (radio) or their income from sales (magazines). In Britain we should not necessarily expect the relative cost of radio to follow a similar pattern because the medium is at such an early stage in its growth. At £25m, radio represented only 1.9 per cent of total UK media advertising expenditure in 1978, but it will grow in proportion as new stations appear, as the network becomes more national in its coverage, and as the IIR stations raise their marketing and sales efforts.

Of particular interest is the AIRC decision to develop its role

#### U.S. COST-PER-1000 INDICES BY MEDIUM

	Radio	Magazines	Outdoor	TV	Press
1967	100	100	100	100	100
1971	96	112	119	96	116
1975	112	120	151	123	154
1978	141	145	187	184	195
1979	152	158	202	203	211

(est.) Source: Radio Advertising Bureau

is possible allowing a much closer match with a product's target audience than is possible with our own mass appeal stations.

Debating the relative costs-per-thousand of different media is a largely sterile exercise usually provoking the question: cost per thousand what? However, I do believe there is some value in plotting (as the AA does in the UK) relative cost trends by medium. The table shows indices for each of the major media for selected years from 1967 to 1978, and ends with a forecast for 1979. You will see that over the 13 years from 1967 to 1978, relative costs-per-thousand audience delivered doubled for outdoor, for TV and for Press. On the other hand, for radio and for magazines, relative costs have risen far more slowly, by closer to 50 per cent. That could be a result of

and appoint a director with the resources to actually go out and sell the medium. If that sounds rather modest compared with America's Radio Advertising Bureau, with its large offices on Madison Avenue and three branch offices outside New York, then let us remember that the first IIR stations will be but six years into this autumn.

In the U.S., commercial radio has been operating for 51 years longer, and they have approximately 8,480 more stations than we have. They even have a Museum of Broadcasting.

One day perhaps we shall have to cope with problems such as making 2,128 different radio commercials for American Express or booking over 1m spots for Datsun. How we would manage such labour-intensive campaigns I am still not sure, but I've just had a brainwave!

## Saatchi keen to buy in New York

SAATCHI AND SAATCHI INTERNATIONAL, formed in April as the international arm of the Saatchi and Saatchi Company, the biggest British-owned advertising agency, has been shelved. Nigel Grandfield, who resigned the chairmanship of McCann-Erickson to run SSI, is on the move again. He is setting up his own agency, Grandfield Ltd., in which Saatchi and Saatchi says it will take a minority stake, writes Michael Thompson-Noel.

At the same time, Saatchi and Saatchi is actively seeking an acquisition in New York. The Saatchi brothers, Maurice and Charles, are keen to diversify into the U.S. They have looked at numerous agencies in New York, but have not yet found one that suits. (Saatchi's pre-tax profits for the half-year to March 31 were 50 per cent up at £1.1m.) Saatchi and Saatchi International reverts to its former guise of Roe and Partners under the chairmanship of Graeme Roe.

SSI will become a division within the main agency, co-ordinating international work. It will be run by David Welch, formerly international advertising manager at British Leyland.

Since the conversion of Roe and Partners into SSI, the latter has lost the Lesney and Farley accounts to Colman and Partners following the departure of that agency's ex-Roe managing director Paul Forster and creative director Paul Wilmut.

This is the second time Saatchi's international ambitions have been thwarted; an earlier attempt to form the nucleus of a European network came to naught.



Nigel Grandfield: peripatetic

## Tetley Tea Folk move to Masius

LYONS TETLEY has split its tea advertising between two agencies, D'Arcy-MacMannus and Masius and Ogilvy Benson and Mather. The Tetley brand, together with the Tetley Tea Folk, have moved in at Masius; Quick Brew goes to Ogilvy. The two brands bill more than £2m. The entire business was resigned by McCann-Erickson earlier this year.

Tetley Tea Bags is said to be the fastest growing brand in the tea bag sector. The Tetley Tea Folk will not be pensioned off, but developed further by Masius as rivals to the PG Chimps. "The Tea Folk are a very strong advertising vehicle," says account director Kevin King.

## The right product, the right price, and plastic bottles

BY MICHAEL THOMPSON-NOEL

THE ALLEGED conservatism of the British drinks market is thought by some to be one of the costliest myths in British marketing. At any rate, Copak Vendona is about to stir things up by selling wine in plastic bottles. Not any old wine. It is introducing a branded range of 100 per cent French table wines. La Villageoise Margnat (red, white and rose), produced and bottled in France by the Societe des Vins de France (SVF).

Sales of this wine in France last year were approximately 63m litres, making it France's second most popular table wine. But plastic bottles? It's hard to see why not. According to the head wine buyer of the Mamouth Valmonte supermarket in Marseilles: "Wine in the lightweight bottle changed the wine buying habits of the French. It's easier to carry, easier to store - and the convenience angle appeals to so many people that it's started a new trend in bulk buying." M. Amar, proprietor of a specialist wine shop in Marseilles, sells 330 bottles of La Villageoise Margnat a week.

In any case, purists should realise that great technical advances have been made in the development of taste-free, lightweight containers: pure mineral water has been sold in plastic bottles for years.

Copak Vendona and its managing director, Brian Chapman, have a fine track record when it comes to tweaking the noses of market majors. In just 18 months, Vendona instant coffee and drinking chocolate have achieved sales of £5.5m, thanks to some very adroit marketing, savage price-cutting and a for-money platform totally unsupported (at least to date) by anything so conventional as advertising.

But plunk in plastic bottles? It's not plunk, says Mr. Chapman. "It's a way-above-average table wine." Towards the late 1950s, the Margnat family extended their businesses by adding in cellars and other properties in the Chateaufort-Martignes-Margnat-Villageoise area. The first introduced in 1971, is produced and bottled at Margnat Village by SVF, the leading national wine negotiator, which has the biggest single share, more than 10 per cent, of the French wine market.

In Britain, the brand will be sold in 1-litre and 1.5-litre bottles, the latter aimed particularly at the catering, airline and pub trades. The plastic bottle is only a fraction of the weight of a glass bottle, has a replaceable cap, sits neatly in a fridge door and is much easier to grasp and pour from than a glass bottle of similar size.

Copak Vendona is thus neatly insinuating itself between the hawks and the doves in the drinks controversy. In the cosier quarters of the drinks trade there is an inexplicable notion that the British tippler should be left serenely nursing his pint, that his tastes and outlook are so conservative that new drinks (and new drinking habits) take years to establish a hold.

More radical observers like Martin van Mesdag, of Halliday Associates, point to the growth of lager, vodka and vermouth as examples of a market dynamism that puts Britain well ahead of countries like Germany, Italy and Belgium, although well behind the U.S. (In the U.S. a company called 21st Century has just launched a range of bottled wine cocktails in 14 markets; they come in Pina Colada, Juanita, Sunset

Having ground down the coffee giants and built a £5.5m business in just 18 months, Copak Vendona is tackling the conservatism of the drinks market by selling wine in lightweight bottles



"The response from the trade has been terrific," says Vendona's Brian Chapman. "We're so conservative over here that no one knows what they want until you give it to them."

and Orange Twist varieties, if you please.)

Mr. van Mesdag has said that the British drinks trade ought to take a leaf out of the food manufacturers' book in offering the consumer increased convenience and added values. "Nowhere is this more obvious than in the case of table wines - long term, the fastest growing sector of the drinks market. By international standards, UK consumption of table wines is tiny. At the same time, the product offering in table wines is broader than in any other beverage."

According to Copak Vendona: "With hundreds of table wines originating in eight or more different countries, the average consumer is totally baffled by a game of choice in which there seem to be no rules and few guidelines. There is enormous opportunity to expand this market if the customer is given more guidance and stronger branding."

To start with, distribution will be via traditional wine outlets, but Copak Vendona hopes to achieve national distribution via the supermarket multiples

by late this year. The 1.5-litre bottle will sell at under £3, the 1-litre bottle at around £6p. "Some branding has already worked well in the UK market," says Mr. Chapman - notably Hirondele. "But people are still generally confused by wine. If the name and the image is instantly recognisable, a brand has everything going for it, which is why La Villageoise Margnat will be very heavily branded by its label and its bottle. There will be no advertising." The plastic bottle means a big saving in cost: "What's saved goes into the quality of the wine. The end result is very good value for money."

Value for money is what got the Copak Vendona bandwagon rolling in the first place. Brian Chapman was a young City coffee broker when he decided to enter the turbulent instant coffee market in 1977 with a new brand that savagely undercut established rivals and ground down the coffee giants.

Foreseeing a massive price escalation in coffee, he test-marketed and introduced an eight-ounce pack of coffee and

chicory, then a four-ounce pack. That was followed by a four-ounce jar of pure instant coffee which Sainsbury's launched at 98p against a ruling price for Nescafe of £1.38. The range now includes Vendona Brazilian Blend, Select Blend (a freeze dried instant coffee) and Vendona Drinking Chocolate.

He is still undercutting his rivals, and Copak Vendona, which is tied in with S. Daniels, the Danoxa canned meat people, is making good profits. Apart from price and value-for-money, Vendona's big plus is sheer flexibility. "Large companies can take two years to get a new product on to supermarket shelves," says Brian Chapman. "It can take me as little as two months."

Vendona was fortunate that its first pure instant coffee pack was accepted and launched by Sainsbury's. The chain remains a major Vendona customer, but its coffee and drinking chocolate are now available in most other big multiples, wholesalers, co-operatives and groups.

It can be argued, says Brian Chapman, that Vendona was lucky with the right products in the right place at the right time at the right price, though he needn't apologise. You make your own luck, otherwise you don't build a £5.5m business as quickly as he.

Although he agrees that Vendona may have to spend money on advertising eventually (something it has eschewed to date), he has reminded the marketing fraternity that there are other ways to build a brand than by relying on advertising. "It might be claimed that there is no leading brand today which could have achieved brand leadership without massive, consistent advertising back-up. Yet in nearly every mass market product category there are second and third brands which have become significant because of appeals other than mass advertising: maybe price presentation, or sheer value-for-money."

It's an attitude that has won him a clutch of good clippings: "The housewives' instant coffee hero," was the headline on one; "Rising coffee star to stick," added The Guardian (stick in the sense of joining what it called the "armament of beverage manufacturers").

"Never take the easy line," he said this week. "If you're really going to compete you must be different. To my knowledge, wine in plastic bottles has not been attempted in the UK before, certainly not nationally. I've met a lot of scepticism. People have said the market isn't ready for it. But the response from the trade has been terrific. We're so conservative over here that no one knows what they want until you give it to them."

You might say he's about to join the firmament of the drinks trade.

## BP considering 'large-scale corporate campaign'

BP IS SAID to be considering a large-scale corporate advertising campaign variously estimated to be worth £1m over one year or as much as £6m over three.

BP was coy yesterday, refusing to discuss its intentions, but

a full-scale corporate campaign would be in line with policy at companies such as Esso, Shell and Mobil.

In the spring, five London agencies were asked to put forward advertising recommend-

ation, although the field has now been reduced to one: Saatchi and Saatchi Garland-Compton. The other were House of Massim, Pollitt, The Kirkwood Company, Footie Cone and Belding and J. Walter Thompson, which already handles BP's oil and domestic heating business.

BP is said to have made no firm decision. It has to be convinced of the need for such a campaign, and Saatchi's is to make a formal presentation to the board.

Saatchi's already handles the Dunlop corporate campaign. It is also in the running for a public awareness campaign on behalf of the Insurance Associations' Joint Council, which represents the British Insurance Association and the three major life associations. Such a campaign could bill up to £4.5m over its first three years, although the Joint Council stresses that its appointment of Saatchi's does not indicate a firm decision to advertise.

RODWAY SMITH Advertising of Luton says it has won more than £500,000 of European billings, including Revell GmbH, Philips of Eindhoven and Jurid. For Philips, the agency will handle two international promotion projects for Jurid, Germany's largest manufacturer of friction materials for car and lorry brakes, a campaign to promote it as a leading supplier of quality replacement parts.

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## Time set to pioneer new-style supplements

BY PENNY HOPKINSON

ONE OF advertising's biggest growth areas in recent years has been the international media. Irrespective of downturns in domestic economies, international publications have continued to thrive.

One of the innovators in this field, Time Magazine, is set to pioneer what it describes as a new concept in international supplements, centring on public relations advertising. With a new bound-in quarterly advertising section on European business and finance, it is offering a specialised service for advertisers wishing to reach Time Europe's 365,000 primary subscribers.

The launch issue on September 10 is reviewing the European chemical industry, covering areas like drugs, fertilisers, fibres and textiles. In addition, the section is carrying three pages of public relations advertising at an additional 25 per cent premium. The first issue, which closed for advertising on July 5, grossed \$30,000, showing an initially favourable response from clients who included some of Europe's leading financial institutions.

# There's still room at the top

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## COMMUNICATIONS

### Equipment market growth in U.S.

U.S. telecommunication markets are expected to grow about 50 per cent (constant dollars) by 1987, and equipment suppliers will be able to find profitable opportunities outside the battle between IBM and AT and T.

That is the conclusion of Arthur D. Little, which forecasts that 1987 equipment sales will amount to \$19.3bn.

Digital switching equipment, both central office and PBAX, probably offers the biggest opportunity, because it is cheaper, more compact and has

greater flexibility than analogue switching equipment.

The telecommunications user will continue to dictate the direction of an increasingly competitive market. Merging of data and communications technologies, abetted by the drop in electronic memory costs and rising business automation needs, will give users a huge array of service combinations and permutations from which to select.

Arthur D. Little, 25, Acorn Park, Cambridge, Mass. 02140, U.S.

### Ensures message is heard

TELETRONICS IS building high-power intercoms to meet communications needs in many areas from offices and farms to factories, hospitals and other institutions.

VK-412A series offers users flexibility in putting together intercom systems to meet their specific needs—for it embraces systems as simple as two master stations connected to each other and systems with up to two masters and 10 remote stations—with a multiplicity of permutations in between.

High volume power is provided making the equipment ideal for use in large rooms, lobbies, noisy factory or plant room environments, and outdoors.

Master stations are available with a choice of 10 or 30 watts power output; and the remote units available include loudspeakers with up to 10 watts input power.

These power ratings mean that there is little danger of an important message to a busy office, hospital ward or noise-filled machine shop being overlooked just because the intercom cannot be heard.

Features of the individual station units within the VK-412A system include: piano-key button controls; full talk-back facility on all remote units; an "all-call" switch on each master station that allows a simultaneous announcement to every remote unit; volume controls for both transmit and receive; and a station indicator on the master that shows which remote unit is calling.

Wiring is extremely simple—only two wires between master and remote; five between master and master. Operation is press-to-talk at the master station, handsfree at each remote.

Teletronics, 9, Connaught Street, London, W2. 01-262 3121.

## TEXTILES

### Fibre has novel properties

The days are fast ending in which fibre producers merely can extrude and wind up, or cut, a filament yarn or make a staple fibre from say viscose, nylon or polyester.

Such is the general textile business situation that fibre producers are searching for and promoting new types of fibres which have been developed to exhibit specific properties.

With the nylons and polyesters, for example, different dyeing characteristics and non-static properties are among new attributes being chemically incorporated into their basic structures.

New polyester staple fibre has been developed in France by Rhone-Poulenc-Textile (British agent: Rhodia (UK), 7 Tib Lane, Manchester 2 4JX, Tel. 061-533 9817).

Fibre X403 is a bi-component structure, which means that it is made from two different basic polymers which combine with each other in the fibre and so bring to it special properties. In this instance it is produced as what is termed a bi-lateral structure in which the two elements are positioned side-by-side in the fibre. As the two polymers behave differently when the filaments are drawn

after extrusion, there is an inherent three-dimensional and reversible crimp in the ultimate short staple fibre. This means that it behaves very much like wool.

X403 is produced in 1.6, 3.3 and 6.7 dtex and it is converted into cut staple suitable either for processing on cotton-type machinery as 40, 60, 90 or 120 mm staple or as a 50 Ktex tow in 3.3 and 6.7 dtex for use in the woollens and worsted section of the trade. It is an ideal fibre for blending with cotton or wool.

A noteworthy difference between this fibre and earlier types of polyesters is that it can be dyed to light to medium shades (even dark shades) with disperse dyes in a bath at only 98 degrees C and without the need for carriers that normally have to be used as an aid to ensure the dyes will enter the fibre.

This advantage means a saving in products required, less heat consumption in the dyeing process, easier dye cycles and more even dyeing. There is finally less pollution because of a reduction in effluent generated. X403, however, may be dyed in the same way as ordinary polyester fibres, but it

should be noted that it melts at about 225 degrees C, compared with about 260 degrees C for standard polyesters.

There is a reduced tendency to pill and the whiteness of the fibre is said to be "somewhat better than standard fibres."

It is claimed by the French company that X403 is the only commercially available polyester fibre which can be used for producing stretch fabrics from 100 per cent spun yarns and without the assistance of either textured filament or elastomeric yarns. What is more, cloths with a "cotton" or "wool" handle may be produced in this way.

The three main outlets for X403 as at present being actively developed are in normal every-day apparel where a degree of stretch gives both ease of wear and comfort with a modern "close fitting" look; for trousers where stretch is required in the length and in high comfort suits.

Promoted as a "second generation" polyester X403 is now being actively evaluated for a number of other possible outlets which include waddings, felts, non-wovens and even carpet pile yarns.

## IN THE OFFICE

### New force in word processor battle

ACTIVE IN the U.S. word processing market for several months, Digital Equipment Corporation, the world's leader in minicomputers, has officially launched into Europe, with three processors available immediately for Britain and two within a few months for the rest of Europe.

The move comes at a time when DEC's market analysts are anticipating that European companies will soon start to increase the amount of money spent on equipment backing the average office worker, from under £1,000 to as much as £5,000 per capita—obviously increasing the potentialities for word processing equipment sales.

Since the early 1980's, DEC believes, office efficiency has increased by only 4 per cent.

During the same period, the notional European factory worker, with some £15,000 worth of equipment to back him up, has raised efficiency by 80 per cent.

But office costs now represent between 40 and 50 per cent of a company's total costs; wages in this area are going up by at least 6 per cent a year, and more and more administrative staff are being drawn in to provide the extended support management now requires to meet demands from government and the increasingly complex marketplace.

The three machines DEC will now offer in the UK are the WS78 stand-alone, the WS80 single/dual user and the WS200 multi-terminal unit. Common to all three is ability

to communicate to remote sites, data processing capacity and list processing functions.

Both the first two use dual floppy discs storing 125 pages of text per disc. The larger medium has a new storage medium which is the RL01 removable cartridge. This allows the WS200 to store up to 8,000 pages of text on four units at 2,000 pages per cartridge.

Several versions are available, running from the 224 which has two printers, four processing terminals and the controller and cartridge disc, up to the 248 with four printers—three of letter quality—and eight terminals.

Digital Equipment Corporation, Digital House, 252, Kings Road, Reading, Berks. 0734 583555.

## INSTRUMENTS

### Will plot many traces

LATEST ultraviolet oscillograph from Brylants Southern Instruments, the Autograph 8, can accommodate up to 35 channels on eight inch chart paper.

Available paper speeds, all servo-controlled, range from one millimetre/sec to five metres/sec and to avoid wasting paper, especially at the higher speeds, a paper brake is fitted along with a recording duration control which allows the operator to pre-set the recording time.

To facilitate incorporation into complex measuring systems the recorder has full remote control facilities and automatic lamp start-up. An alphanumeric display is also provided which shows such things as the selected control settings and whether the paper supply is running low.

The usual options such as crystal controlled timing lines and trace identification are available, and the instrument is also supplied in a six-inch paper version with fewer channels.

More from Willow Lane, Mitcham, Surrey, CR4 4UL (01-840 3490).

### Has wider applications

NEW VERSIONS of the Philips PV 8850 compact vacuum optical emission spectrometer offer an extended range of excitation possibilities, including inductively coupled plasma (ICP) and glow discharge.

Simultaneous measurement of up to 40 elements is possible and a variety of layouts to meet differing application needs is possible.

It may be delivered with a single excitation source, as a dedicated system for routine process or quality control testing. But for more varied programmes, more than one source unit can be fitted—while a

specially developed system of plug-in interchangeable excitation stands allow rapid change between different types of analysis.

Because special laser and precision gauge alignment techniques are used in its production there is complete instrument-to-instrument reproducibility. Thus the excitation stands can be supplied pre-aligned, and can be exchanged in less than one minute, without any adjustment.

Philips Gloeilampenfabrieken, PO. III-2, Eindhoven, The Netherlands.

### Warns of dangerous winds

AUDIBLE AND visual alarms can be initiated in locations such as tower crane sites, and open motorways when the wind reaches a dangerous level by making use of a unit offered by W. Monro, Crane Road, Bounds Green, London N11 2LY (01-365 4422).

Known as the IA-613, the instrument uses a three-cup anemometer which generates an ac signal which is sampled and integrated every five seconds by the control box. The sampling frequency is designed to elimi-

nate false alarms that might occur due to momentary gusts. If the average wind speed exceeds the pre-set level, relays are energised and can be arranged to operate alarm devices or shut plant down.

Accuracy of measurement is to one mph in the range 15 to 40 mph, dropping to 2 mph from 40 up to 100 mph. A digital display shows either miles or kilometres per hour, to order.

## QUALITY CONTROL

### Getting the right balance

IRD Mechanalysis (UK) has speeded up the performance of its balancing units to such a degree that, regardless of rotor complexity, they will solve two-plane balancing problems less than a second after data is entered.

The processor, which can be used with IRD or other balancing machines, eliminates operator errors. Data familiar to the industry such as rotor dimensions and configurations can be "touched in" in any sequence and answers are displayed on digital read-outs.

The read-outs show corrections in ounces, grams or static couple as well as vibration displacement in mile or microns. In addition, the 280 retains the unbalanced read-out information in memory, allowing the operator to select a different type of correction or plane of correction without having to respin the rotor.

The unit makes obsolete such things as calibration runs or trial weights, resolving multiple corrections automatically into one weight and displaying a complete system check which

pinpoints errors and therefore reduces downtime.

IRD Mechanalysis (UK), Bumpers Lane, Sealand Industrial Estate, Chester CH1 4LT, Chester (0244) 374914.

## CONSTRUCTION & MAINTENANCE

### Reducing the cost of going up

THE AMERICANS have already shown a multi-million pound turnover from the aerial work platform business—now this is confidently forecast in the UK as a boom industry of the '80s.

So says Paul Adorian, managing director of EPL (International) (Manor Way, Boreham Wood, Herts, 01-953 0171) whose big brother banker is John Laing.

Purely entrepreneurial, EPL is a marketing and sales orientated company, which has no intention of manufacturing machinery but has captured the talents of Armfield Engineering, known for its water turbines and water control equipment.

Armfield switched horses just over two years ago and, with its range of work platforms, aims to guarantee the duo organisation's claim of offering the widest range of aerial access machines under one banner in the world today.

Traditional concept of the telescopic boom used on a fire engine or by local authority street lamp maintenance gang is superseded by the day to day application of this equipment in the scaffolding industry, for access to high buildings for maintenance and construction, and, by its implementation, reduction of congestion on the ground, or hiatus to traffic flow in built-up areas.

All-British is the hallmark of the range, with safety as an inherent feature, plus promises of substantial economic savings in its application.

Range is called Alpha with working heights from 28 feet on a lightweight model, reaching to a heavy duty platform reaching 60 feet. Versions will be produced with a telescoping upper boom and, in addition to these truck mounted machines, there will also be trailer mounted platforms.

New work-horses have been kept under wraps at the Boreham Wood factory so that their final field tests were carried out by members of the press and would-be users this week in the hallowed territory of the Rugby Football Union's ground at Twickenham.

Height and space were the essentials for the demonstration of American import, Moenskot, from Galavor Corporation of California with a reach of 150 feet (and first class aerial view of the Twickenham stand's roof) is unchallenged as the highest aerial work platform in the world.

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## COMPUTERS

### Two-speed printer

INK-JET printers which can operate at two speeds have been announced by the Office Products Division of IBM United Kingdom.

IBM 6640 Dual Speed Document Printer, an addition to IBM's Office System 6-range, offers print speeds of up to 184 characters per second (burst rate) and 92 characters per second (burst rate). The new second (burst) rate has up to seven resident electronic type fonts compared with the five available on the current document printer.

The dual speed 6640 enables users to increase processing capability by up to 45 per cent, depending upon how the job is set up, the type style used and the number of characters per page. It is primarily for use in situations in which high volume printing of large numbers of quality copies are required.

Ink jet printing technology used on both models of the 6640 creates images from tiny ink droplets directed electrostatically at a sheet of paper. Pitch, type styles, tabs, margins and spacing of the triple pitch machines are controlled electronically. Justified and unjustified text and different type styles may be mixed, all within the same document.

Current models of the 6640 can be field-upgraded to dual speed printers. First customer shipments of the new printers are scheduled for the first quarter of 1980.

IBM United Kingdom, P.O. Box 41, North Harbour (Basildon House) Portsmouth PO6 3AU.

## POWER

### Will run turbines

ACCORDING TO Asmap Environmental Products there is no need for a skilled operator or an engineer to be in attendance at gas turbine power installations when the company's Temac 3 microprocessor-based system is used.

Having only a pair of push buttons, a key-operated master switch and an emergency stop button, the unit will automatically deal with the start, run and emergency modes of operation, with special routines for hot starting and some other functions. A very fast over-speed cut-out is incorporated.

In remotely controlled gas turbine equipment, control signals can be sent over a two wire system: mechanical (electrical) are required. For power generation or pumping applications in industry, automatic frequency control, automatic pump priming and flow control can be incorporated and it is also possible to select one Temac control as the master in a multiple system.

In fire-fighting, oil-rig, military and disaster situations the control allows electrical power generating gas turbines to be helicopter-dropped and used quickly by inexperienced personnel.

More from the company at Unit 1, Dofnor, Industrial Estate, Newport, Isle of Wight (0983 524385).

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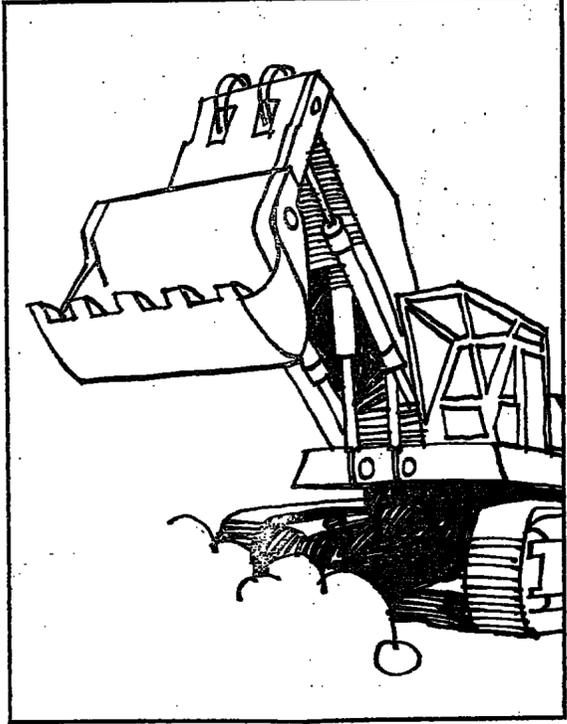
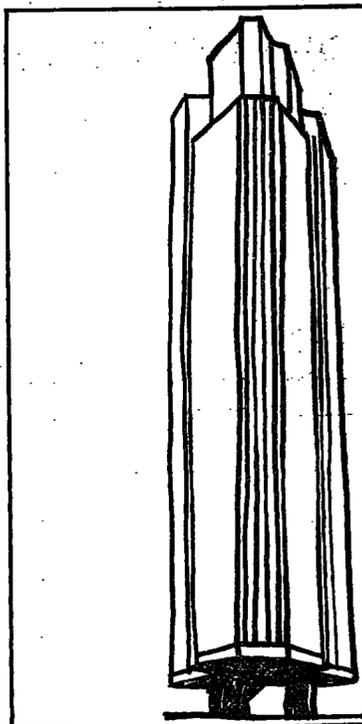
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# JOBS COLUMN, APPOINTMENTS

## Start on the right lines—Company brokers

BY MICHAEL DIXON

WHAT would you think is definitely not necessary as a qualification for the managing directorship of Hong Kong's Mass Transit Railway, whose first stretch of line will start operating in October?

Previous experience of running transport services such as railways, that's what. Why has not been disclosed to me. But since the MTR has to be a rare exception in running at a profit, the reason may be that the Hong Kong Government, which owns the enterprise, shares my suspicion that working in railway organisations has an undesirable effect on the human psychology.

The effect is to destroy any sense of what might be a worthwhile, and so potentially profitable, service to offer the customers in return for their money. And the last time I was confronted by this peculiar psychosis was a few weeks ago on London's King's Cross station.

There was no questioning the commercial efficiency with which the ticket clerk exchanged my travel warrant for a first-class return to Leeds, priced at £33.90. Thereafter, however, the service declined. Somehow someone had carelessly provided the Advanced Passenger Train with only two first-class carriages for what seemed to be at least two and a half carriages' worth of

people with the appropriate tickets.

Now, I would not be so unreasonable as to expect another carriage to be fetched just to provide me with a bit more room in which to do the preparatory work for my visit to Leeds University. But if I had to travel second-class, I didn't see why my employer should pay the considerable first-class premium on the fare. I put the point in a friendly way to the guard of the train. He said that he could do nothing for me but, if I could not find anyone else on the station who could help, then I should go straight back to him. The usefulness of this assurance was at best metaphysical, of course. But I am sure that the statement was well meant.

The same was not true of the condenser of the clerk at the information desk, to whom I next politely put my point of principle.

He ruled that what British Rail had sold me for the £33.90 was not a seat on a train, but only a ticket. There was no appeal from this ruling, he added. If I were so impatient as to try to complain to anyone else, I would simply be referred back to him.

It seems, therefore, that BR's concept of a due service to its paying customers is the guarantee merely that railway staff will refrain from actively

preventing them from finding their way by train, if they can, to the place named on their ticket.

True, this is a principle which can work commercially in certain circumstances, some of them legal. For example, my sons used to apply it years ago by selling me, in return for extra pocket money, the guarantee that they would not make spectacular trouble for the baby-sitter.

Whether Sir Peter Parker has the same view of the service which he heads and is expensively trying to market, I do not know. But if his view differs from the first person he needs to argue with is the omnipotent official at King's Cross (I would gladly go along and introduce them to one another).

Pending such a clarification, however, the principle behind the British Rail service must surely be assumed to be as I have described it. And it is not the sort of automatic loss-ensuring attitude that the Mass Transit Railway could afford to have lurking in its new managing director, who will take over from Dr. Tony Ridley as the line enters service, partly ahead of schedule.

Responsible to executive chairman Norman Thompson—a chartered accountant to whom the MTR's finance director is also immediately responsible—the newcomer will head about

1,800 employees of different nationalities either running the service or constructing extensions due to start operating within the next couple of years. There is some possibility that the service will eventually be integrated with Hong Kong's surface tramways.

In immediate support will be directors for operations and for engineering, the personnel chief, and an adviser for light rail transit.

The prime need is successful discharge of responsibility for profits as a general manager in a big, capital-intensive service-industry concern. Experience of negotiating at a high level should include dealing with financial institutions. Candidates who have been managers of operations employing people of mixed nationalities would have an advantage. And managerial work in business which is physically extending as well as being a going concern would no doubt be helpful, too. The age indicator is 40-50.

Provided that applicants have fluent English and are culturally transferable to the conspicuously free-market bustle of Hong Kong, it matters little where they come from.

Salary, in UK terms, will be around £30,000. The maximum tax rate is subject to some contention: one school of thought puts it at 15 per cent; I have been assured that the rate

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### Chesham pair

FINDING the right seller on behalf of people who want to buy a business is relatively straightforward, since the would-be buyers usually know broadly what they want. But finding the right buyer for someone who wants to sell a business is a searching and sensitive task. Or so I am told by John Harrison, a director of the business Chesham Amalgamations and Investments, which is seeking two additions to its team of a dozen go-betweeners.

One will be concerned with the Birmingham area, and the other will extend Chesham's coverage of London and the Home Counties.

"This work is not just a matter of financial skill," said Mr. Harrison, after pointing out that only one of the present team is a trained accountant. "Obviously

we want basic balance-sheet awareness, but we can train people to read accounts with the necessary depth.

"Probably the best background is in selling commercial services of the kind that are bought by main-board directors in a good many companies. We want staff who are demonstrably capable of working on their own, and whose personality expresses trustworthiness, because this is a very confidential business.

"The main skill, when it comes to the selling of a company, is to be able to put oneself in the place of a potential buyer and make an appreciation of the character of the business and its managers. You might say that you need to understand, not just accounts, but also accountants."

A preferred age range of 30-40 was quoted by John Harrison. But although he said that earnings, including a bonus on results, could be expected to exceed £12,000, he did not specify how much would be salary. Accordingly, the Jobs Column will estimate the salary element at £10,000 or thereabouts. Perks for negotiation.

Applicants should telephone persuasively to Philip Lovelace, the managing director of Chesham Amalgamations and Investments, on 01-235 4551. Written applications in the same vein can be sent to him at 36, Chesham Place, London, SW1X 8EE; telex 917228.

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For further information, candidates should submit a curriculum vitae, or write requesting a personal history form to Nigel V. Smith, A.C.A. or Kevin Byrne, B.A. quoting reference number 2529.

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Our client is the U.K. subsidiary of a highly successful international transport company. With ambitious plans for expansion in the U.K., the company now seeks to recruit a Financial Controller who, reporting to the Managing Director, will assume complete responsibility for the control and development of the finance and administrative functions. As part of the management executive the successful candidate will play a leading role in the profitable expansion of the company's activities.

Candidates for this appointment, probably aged 30-40, should hold a position of comparable stature within industry. They must be professionally qualified and adhere to the strictest of strong control and reporting procedures, and demonstrate the commitment and communicative skills necessary to succeed in a competitive corporate environment.

For further information concerning this appointment, write to Nigel V. Smith, A.C.A. or Peter Dawson, submitting a C.V., or requesting a personal history form quoting reference 2491.

Commercial/Industrial Division  
Douglas Lambias Associates Ltd.  
Accountancy & Management Recruitment Consultants  
410, Strand, London WC2R 0NS. Tel: 01-836 9501  
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101  
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744



# MANAGEMENT ACCOUNTANT

S.W.I.

circa. £10,000

Our client is an American Corporation, engaged in the exploration for and production of oil and gas world-wide. The company has been particularly successful in the development of the North Sea oil fields and dynamic growth through acquisitions in energy related fields will continue as corporate policy.

Reporting to the Financial Services Manager, the successful candidate will assume responsibility for budgets, cash flow and other forecasts, review of monthly performance, and financial evaluations of new projects using D.C.F. techniques.

Candidates should be qualified accountants, A.C.A./A.C.M.A., aged 27-35, and preferably with commercial experience, who have the ability to operate independently and communicate effectively with all levels of a multi-disciplined management.

For further information and a personal history form, contact Robin Taylor B.A., C.A. quoting reference 2533

Commercial/Industrial Division  
Douglas Lambias Associates Ltd.  
Accountancy & Management Recruitment Consultants  
410, Strand, London WC2R 0NS. Tel: 01-836 9501  
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101  
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744



# FINANCIAL CONTROLLER

East Midlands

C. £10,000 + car

Our client is a highly profitable subsidiary of a major U.K. group operating in the leisure industry. The company is a market leader in its field of operations and is expanding rapidly by acquisitions nation-wide.

Reporting to the Financial Director, the successful candidate will be responsible for the total finance function and, in addition, will be expected to make a significant contribution to the general management of the company.

Candidates should be Chartered Accountants, probably aged 28-35, with the requisite blend of technical experience and management ability that will enable them to meet the demands of a company in a high growth period.

For more detailed information and an application form, contact Robin F. Taylor, B.A., C.A. or Nigel V. Smith, A.C.A., quoting reference 2532.

Commercial/Industrial Division  
Douglas Lambias Associates Ltd.  
Accountancy & Management Recruitment Consultants  
410, Strand, London WC2R 0NS. Tel: 01-836 9501  
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101  
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744



## UNIVERSITY of the WEST INDIES TRINIDAD

Applications are invited for a temporary two-year appointment as LECTURER / ASSISTANT LECTURER in MARKETING AND BEHAVIOURAL SCIENCES, Department of Management Studies. Salary scales 1977/78 (under review). Temporary Lecturer TTS 15486-16,974 pa (£1 salary - TTS 5,181). Family pension if available at 10% or furnished at 12% or housing allowance at 20% of pensionable salary; study and travel grant.

Detailed applications (two copies) with curriculum vitae and naming three referees to be sent direct to the Secretary, U.W.I., St. Augustine, Trinidad as soon as possible.

Applicants residing in the UK should also send one copy to Inter University Council, 80, Tottenham Court Road, London, W1P 0DT.

Further details may be obtained from either address.

## Commercial Lawyer

Abu Dhabi to £15,000 tax free

An experienced Commercial Lawyer is required by a small locally owned practice in Abu Dhabi town. He will be responsible for obtaining business from the international company sector and handling their agreements, contracts, claims and so on.

Although knowledge of local law is not essential, applicants should have spent some years in the international business market. Single or married status is offered to candidates aged 35-51, plus a tax-free salary of between £13-15,000 and the usual expatriate benefits.

Write or telephone for an application form quoting ref. E855 to Chris Jamieson, Lansdowne Recruitment Ltd., Design House, The Mall, London W5 5LS. Tel: 01-573 6863/7540/9822.

Lansdowne

مكاتبنا في لندن

## Group Accounting

London SW1

c.£8,500

The Chief Accountant of a publicly quoted property investment company seeks a young recently qualified accountant.

Ideally you will have a knowledge of consolidations and a desire to work closely with a well qualified but small head office team. You will control a department of five and be responsible for the preparation of budgets, improvement of systems and varied one-off exercises that arise from time to time.

This is an excellent opportunity to combine a good technical background with line management experience within an efficient and successful company.

Contact David K. L. Tod, BSc FCA on 01-405 3499 quoting reference DT1343/JMLF.

Lloyd Management

Recruitment Consultants

125 High Holborn London WC1V 6QA

01-405 3499

## U.K. CONTROLLER

£10,000 + CAR

Our client, a major international component manufacturer, has its Head Office and manufacturing base in an attractive area of South Wales, with a number of operations throughout the UK and Europe. This American-owned company has established a leading reputation within both the Automotive and Industrial Component markets.

Due to planned business expansion, there is a need for a Controller to assume the responsibilities for the UK activities.

Suitable applicants for this interesting and challenging position should be aged between 27 and 35 years and should have the following:

- a recognised accountancy qualification;
- industrial post-qualification experience at Controller level;
- drive and ambition to contribute to the profitable growth of the company.

The basic salary is negotiable from £10,000 depending upon qualifications and experience and there is an attractive profit-related bonus scheme, together with the provision of a company car and other standard benefits. In order to obtain an application form for the above position, please write enclosing brief career details, quoting reference F50/78, to:

PROFIT LIMITED  
27 MARYLEBONE ROAD  
LONDON NW1 5JS  
TELEPHONE 01-486 5275

Profita

MANAGEMENT CONSULTANTS

## INTERNATIONAL AUDIT

Age 23-27 £ negotiable

A major North American Bank is in the process of expanding significantly its International Audit Division. This will necessitate the appointment of two ambitious young Bankers who seek a long-term but progressive career in one of the world's leading Banks. A substantial amount of world-wide travel will be an integral part of the job and preference will be given to Candidates retaining single status. Applicants will have a minimum of three years' general banking experience, and have achieved or made considerable progress towards the Banking Diploma.

These positions would be particularly attractive to graduate/management trainees from within one of the Clearing Banks.

Salaries are fully negotiable, and fringe benefits include mortgage facility, profit sharing, BUPA, n/c pension scheme, and expenses while abroad.

Please telephone, in confidence, Mark Stevens

**BANKING PERSONNEL**

41/42, London Wall, London EC2 Telephone: 01-588 0781

(RECRUITMENT CONSULTANTS)



Orion Bank Five figure salary

## International Investment Management

Owing to the expansion of our discretionary management services we are looking for an investment manager in his/her late twenties/early thirties with previous experience to join a team of international investment bankers and to be responsible to an Investment Committee, who are members of the Board, for:-

Management of fixed and floating rate investments, denominated in freely convertible currencies.

He/she will help to formulate and subsequently implement investment strategy for international clients, market investment proposals, administer and monitor portfolios and supervise, train and develop administrative/accounting assistants.

Applicants should have proven experience in the U.K. or the Continent with a financial institution that specializes in investment management in the fixed interest international markets. Given the personality and technical skills, a unique opportunity for rapid advancement exists. The package includes house loan at preferential interest rate, medical and accident insurance, non-contributory pension and luncheon vouchers.

Applications, which will be treated in strict confidence, should be accompanied by a curriculum vitae, and addressed to:

The Personnel Director,  
Orion Bank Limited, 1 London Wall,  
London EC2Y 5JX  
Tel: 01-600 6222

ORION

## International Managing Director Hotels

Controlled by British interests, the group is based in Spain and has been noted for the excellence of its services for some years.

A successful, multi-national management team exists and will respond to a strong leader. Profitable growth and the devising, implementing and co-ordinating of sound international policies comprise the role. Negotiations at Government level must be expected.

Extensive, high-level experience of international hotel management in many centred situations is essential; plus a total command of English. Contacts with major airlines or travel companies would be of interest. Preferred age 40/45 years.

It is unlikely that any executive currently earning less than £20,000 p.a. will possess the appropriate experience for this appointment. A total remuneration package will be designed to meet the personal situation and, naturally, relocation expenses to Spain are available.

In strictest confidence, please write to the company's special adviser, PJG Rolandi, Chairman, (Ref: 969B)



Alliance Management Consultants Ltd.  
84-86 Baker Street, London W1M 1DL  
Tel: 01-487 5761 (24 hours)

**Alliance**

## MANAGING DIRECTOR

A significant Brewer, subsidiary of a large and successful British Group, wishes to appoint a Managing Director to take charge of one of its operating companies in the North of England.

The Managing Director would be profit responsible for a fully integrated business unit including Production, Marketing and Distribution. Sales are made through a large number of owned public houses, to Free Trade customers, and to other Group companies.

Competition is severe and essential facets of the role are to ensure the reputation of the beer, to optimise the utilisation of production capacity, to increase sales through a high quality sales force and good tenants, to improve the industrial relations environment, and cost control.

Broad general management experience and a high level of professionalism gained in well managed companies would be prerequisites for the performance of the role. The successful candidate need not necessarily have a brewing industry background although clearly this would be advantageous. Applicants should ideally be between 35 and 45. Remuneration will be commensurate with the seniority and considerable importance the company attaches to this appointment.

All replies will be treated in the strictest confidence, and should be addressed to The Corporate Consulting Group, 24 Buckingham Gate, London SW1.

**CCG**

Corporate Consulting Group

## COMPANY SECRETARY

Part of a major international group, our client is one of the U.K.'s leading food groups, with a turnover around £130 million.

They now seek a Company Secretary who will be responsible for all legal, statutory and property work within the group as a whole, including that of subsidiary and associate companies.

The position is based at group headquarters in Central London, but periodic travel to the Company's many locations throughout the U.K. will be required. Candidates, male or female, should be Chartered Secretaries with several years' experience with a major company, ideally in packaged consumer goods. A sound knowledge of all aspects of company law and previous experience in property administration are both essential. Equally important is the creative and commercial ability to contribute to the future development of the group, as the Company is poised for further significant growth and expansion. Probable age range is 32-45.

Basic salary is negotiable around £8,500, but total remuneration is likely to be in the five figure bracket. Naturally, a car and the usual fringe benefits associated with a major progressive company are also included.

Please telephone for an application form or write in confidence to:

VINCENT LYDDIETH  
**PERSONNEL SELECTION**

Personnel Selection Limited, 46 Drury Lane, Soho, West Midlands, B91 3B  
Telephone: 021-705 7399 or 021-704 2851

## GRACE

W. R. Grace is a major U.S. international group. The European headquarters company for its Technical Products Group need a high-calibre

### FINANCIAL ANALYST

to join a small headquarters financial team. The main emphasis of the job will be on the analysis of investment projects and acquisitions, plus special studies across a wide range of business problems.

The analyst will also participate in the preparation of the budget and long-range plan. The job offers a challenging opportunity to work in a successful major multinational.

We seek a 24-30-year-old MBA, with a flair for analytical work and a firm grasp of accounting principles. We prefer someone with one to three years' experience in the manufacturing industry but would also be interested to hear from exceptional MBA candidates graduating from business school this year.

Please send your application with a curriculum vitae and salary requirements to or call for further information:

GRACE INDUSTRIAL CHEMICALS, INC.  
Personnel Manager  
P.O. Box 2872, CH - 1002 Lausanne  
Tel. (021) 20 44 71

## Stockbroking Oil Analyst

£7,500 to £15,000

Our client, a broad-based, medium-sized firm of high repute, seeks an experienced analyst to take over responsibility for its research coverage of the Oil sector and, with back-up from an assistant, to work closely with its specialist salesman.

The successful candidate is most likely to be a graduate, aged 27-35, with at least three years' investment research experience, knowledge of the Oil industry, concise written ability and good communicative skills.

The position should appeal to an ambitious individual who now seeks the opportunity to play the key role in the development of a specialist team with the scope for personal achievement and partnership prospects.

Please contact F.J. Stephens who will treat all enquiries in the strictest confidence.

**Stephens Selection**  
35 Dover Street, London W1X 3RA. 01-493 0617  
Recruitment Consultants

## INVESTMENT ANALYST—

### FIXED INTEREST (EDINBURGH)

The Life Association of Scotland Ltd. is seeking an Analyst to join its small investment team.

The successful applicant will be aged under 30 years with a degree or professional qualification and have had 2-3 years experience of the UK Gilt and Fixed Interest Markets. He/she will be expected to make a positive contribution to the management of the portfolio at an early stage.

The Salary will be competitive and commensurate with qualifications and experience. The usual fringe benefits associated with a Life Assurance Company will apply.

Please write giving details of Education and Experience to:



J. Innes,  
Staff Manager,  
The Life Association  
of Scotland Ltd.,  
10 George Street,  
Edinburgh, EH2 2YH

## Managing Director-Commodity Trading

Five figure earnings

A long-established commodity trading company with particular involvement in the cocoa and coffee terminal markets is planning further expansion. A Managing Director is therefore required who will be responsible to the Board for developing current business, which is largely with overseas clients, and for expanding into new areas of activity. Candidates, probably in the age range 35-40,

should have a sound record in commodity trading — not necessarily related to cocoa or coffee — and need to be accustomed to market operations. Salary is widely negotiable in excess of £15,000 plus a performance-related bonus plus car and pension scheme. Location: City of London.

PA Personnel Services Ref: GM34/6974/FT.

## Director-General International Mohair Association

This is the first appointment of a permanent full-time official for the IMA. Founded some six years ago, the Association represents a world-wide membership covering the whole spectrum of interests including growers, combers, spinners, manufacturers, dyers and finishers of mohair and allied products. The Director will be expected to influence, implement and promote the policies of the Council both internally, within the product sector groupings, and externally, to governments, associated textile trade associations, the media and the customers.

The post demands either industrial or trade association experience covering commercial and legal matters on an international scale, together with administrative and communicative ability of the highest order. Candidates should ideally have a textile background, be able to converse in at least one European language other than English and be prepared for frequent overseas travel. Salary is negotiable above £12,000 plus car, usual fringe benefits and relocation assistance.

PA Personnel Services Ref: GM34/6967/FT.

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

## PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6160 Telex: 2787-4



A member of PA International

## Financial Controller

Middlesex c.£14,000 plus car

A successful private company, with diverse interests in the food service industry, has entered a period of rapid, but controlled expansion, aimed at a growth rate of 25% on present turnover of £10 million.

They now seek a Financial Controller, who will report directly to the Managing Director for the total accounting function, with a particular emphasis on effective cost control and analysis systems.

The right person will be able, as a member of the Board of Management, to make a direct and dynamic contribution towards the achievement of the company's ambitious plans with prospects of directorship in the medium-term.

This represents a rare opportunity for a

qualified and seasoned professional, probably in his or her mid-30's, who has a first rate track record and the ability to motivate a team of some 30 staff.

Our client is determined to attract an outstanding person, and hence salary will be no limitation. Other benefits include a company car and generous assistance with relocation costs.

Please send full personal and career details in confidence to Mr. W. J. Stanton, Director, Austin Knight Limited, London W1A 1DS.

Applications are forwarded direct to the client concerned, therefore companies in which you are not interested should be listed in a covering letter.

**AK ADVERTISING**

## Accounting Manager

Middlesex c.£9,500+car

A major subsidiary of one of Britain's largest groups, with an enviable record of expansion, has created an opportunity for a positive, self-assertive and forward looking Chartered Accountant.

As Accounting Manager, you will control the financial and sales accounting, its direction and further development. Supported by a large staff you will be responsible for timely and accurate reporting and establishing operational priorities.

Aged 30/35, you will have trained with a large firm, have several years commercial experience and the capacity for future promotion in a financial or general management sphere. Relocation assistance will be given if necessary.

Contact: David G. Nevin on 01-405 3499 quoting reference DN157/EDF

## Lloyd Management

Recruitment Consultants  
125 High Holborn, London WC1V 6OA Tel: 01-405 3499

## Jonathan Wren Banking Appointments

### TRAINEE CREDIT OFFICER PARIS

Our client, a well-established international bank, offers an interesting career opening to a graduate banker aged 22-26 years.

The successful candidate will be appointed for a two-year period to the bank's Head Office in Paris, engaged in bank relations activity, and on return will join the Corporate Lending Team based in London.

Candidates — native English speakers with a knowledge of French — should have a minimum of two years' banking experience including some knowledge of Credit analysis.

Please contact: BRIAN GOOCH

### FOREIGN EXCHANGE BIRMINGHAM

At the Birmingham branch of a major international bank there is a challenging opportunity for a young A.I.B. interested in developing his or her career in Foreign Exchange.

Applicants aged in their twenties, should have experience in credit analysis and, if possible, charged securities. Equally important is a good understanding of Foreign Exchange procedures and a particular interest in that field. A Grade IV clearing banker could well be suitable.

The successful candidate will be trained to take eventual responsibility for the branch's Sterling and Foreign Exchange funding operations. In the early stages there will also be involvement in the branch Securities and Credit areas. The salary/benefits package will attract an ambitious banker and the prospects for career development are most attractive.

Please contact: KEN ANDERSON

First Floor, entrance, New Street  
170 Bishopsgate, London EC2M 4EX Tel: 01-623 1266

## RECENTLY QUALIFIED ACA MERCHANT BANK

City **£8,000 + mortgage**

One of the finest banking institutions is seeking a young accountant of high calibre to join its central Financial Control Department.

The successful candidate will undertake a varied and interesting role. Apart from involvement in most aspects of financial accounting, there will be regular ad hoc exercises including liaison with operating divisions over budgetary matters and the control of fixed assets expenditure.

The salary package should prove very attractive to candidates in their mid-20s. There will be ample opportunities to progress in this or other areas of the bank, and a move away from accounting is a genuine medium-term possibility.

**Career plan**  
PERSONNEL CONSULTANTS

Please apply: Nigel Halsey  
Career Plan  
Chichester House  
Chichester Rents  
London WC2  
Telephone 01-242 5775

## MERCHANT BANKING

£7,000 - £10,000

A number of our clients, leading Merchant banks and members of the Accepting Houses Committee, are seeking recently-qualified Graduate Chartered Accountants or Commercial Lawyers for their Corporate Finance Departments. Only candidates of high calibre with a good academic record will be considered.

Please write or telephone:

T. C. H. Macafee,  
Beresford Associates  
Limited,  
Cross Keys House,  
56 Moorgate,  
London EC2R 6EL.  
Tel: 01-628 7546/7

## Export Finance Manager

London Based.

£ Five Figures + Major Benefits

A British clearing bank seeks an outstandingly competent and personable Manager to assist with the expansion of its Export Finance services to British exporters and overseas buyers. He or she must have extensive experience of the negotiations of Buyer Credits, and sound knowledge of the whole range of E.C.G.D. facilities, and the ability and will to identify, negotiate and obtain new business. Good contacts with U.K. exporters of Capital Goods and an understanding of their contractual obligations and related financial requirements would be particularly helpful. The attractive compensation package includes a five figure salary, low interest mortgage, car purchase scheme, non-contributory pension and assistance with relocation if required.  
(PA Personnel Services Ref: AA50/8973/FT)

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

**PA Personnel Services**

Hyde Park House, Knightsbridge, London SW1X 7LE. Telephone: 01-235 6060. Telex 27874.



A member of PA International

## Accountants

If you believe that Government accounting must be all high-flown policy and no practical commercial involvement, the role of an accountant with the Ministry of Defence buying operation — the Procurement Executive — could soon change your view.

It's high-level work, certainly: you'll have a portfolio of perhaps 15 or 20 different contractors, some of them major shipping, aerospace or electronics manufacturers, and you'll consult at Board level with most of them. It's also a genuinely influential role. Your function is to assess contractors' financial status and their accounting procedures, and to assist in establishing contract prices which often run into millions.

This is where the down-to-earth commercial aspect comes into play: you're there to see a fair deal done all round, and success will depend as much on your ability to build and maintain good business relationships as on your accounting acumen.

Vacancies are in London, Birmingham, Bristol, Manchester and Newcastle.

There are also posts in the Directorate — General of Internal Audit. Keeping Britain effectively armed involves continuous spending on the research, development and manufacturing resources of the Ministry of Defence as well as on pay, equipment and stores. Only the most modern auditing techniques are equal to the task of independently reviewing the systems which

control and monitor this expenditure. In this area you will find your expertise and ingenuity fully stretched particularly in the search for improved methods. Extensive use is already made of computers, including real-time systems. Another function is commercial systems appraisal in the Royal Ordnance Factories.

Vacancies are in Central London, Basingstoke, Cardiff and Chatham.

You must be a Chartered, Certified, Cost and Management, or Public Finance Accountant (or be eligible for admission) preferably with professional office or appropriate industrial or commercial experience.

Starting salary (according to location, age and experience) within the range £5,520 - £8,540 from 1.8.79; to become £5,950 - £9,420 from 1.1.80. Promotion prospects to £11,750 and above.

Appointments are pensionable and can be permanent, for a fixed period, or (in appropriate cases) on secondment terms.

These posts have been exempted from the Government's ban on recruitment.

For full details and an application form (to be returned by 10th August 1979) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 68551 (answering service operates outside office hours). Please quote G12/590.3.

**High Finance can be down to earth.**

Ministry of Defence



## Managing Director

Nigeria

This challenging appointment is with a renowned manufacturer and distributor of mobile handling equipment. The appointment of a new Managing Director for the associate Company in Nigeria is part of an overall drive to achieve an ambitious international sales expansion. The ideal candidate will have worked, or be working now, in Nigeria or another developing country, either as Managing Director or as director in charge of sales and service, most probably in the capital plant field. Alternatively, applicants will have extensive experience of organising distributors or agents in such territories. An excellent record of achievement is

looked for, with the ability to manage people at far distant locations, and to deal effectively with major customers and Government bodies.

Salary equivalent to £30,000 per annum UK-based contract. Benefits include free housing and transport, school fees, etc. Excellent career development prospects within the Company and its parent Group.

Please reply, in strict confidence, to Peter Bingham & Partners, Personnel Consultants, 9 Curzon Street, London W1Y 2FL, giving full personal and career details.

Peter Bingham & Partners

A vacancy occurs in the Reversions Department of

**H. E. FOSTER & GRANFIELD**

The applicant should preferably be aged 25-35 and should have an aptitude for figures. Some experience of reversions or life assurance would be helpful but is not essential.

Please reply to

Mr. Enriquez,  
6 Poultry,  
London EC2R 8ET.  
01-248 1451

## Consultant Accountants

circa £10,000

Price Waterhouse Associates require accountants to join the expanding United Kingdom division of their international management consultancy practice. Vacancies exist for appointments based in London, Birmingham, Bristol, Glasgow, Leeds, Leicester, Liverpool, Manchester, Newcastle upon Tyne, Nottingham and Southampton.

You would be required to undertake a wide range of assignments both in the United Kingdom and overseas. Much of the overseas work is presently being conducted in developing countries and in this connection substantial overseas allowances are paid.

Consultants work closely with colleagues of other disciplines in developing and implementing solutions to business problems with particular reference to company organisation, corporate planning, profit improvement schemes and the design and installation of management information systems.

We are looking for qualified accountants who are resourceful and practical, have the flair and personality to deal with clients at board level and who would enjoy the creative challenge of problem solving in a wide variety of situations. The preferred age range is 25-32 and candidates should offer a minimum of 3 years post qualification experience in industry or commerce.

Starting salaries will be negotiated up to circa £10,000 pa according to experience and ability. Training is provided in the techniques of management consultancy and the company's policy is to develop its own supervising consultants and managers. Career prospects are excellent and can lead to salaries in excess of £13,000 pa.

Candidates, male or female, should write for a personal history form, quoting reference M/CS/2066 to Ashley S. Phoenix, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse Associates

## Accountant

(Male or Female)

BANK OF ENGLAND PRINTING WORKS

The Bank of England are seeking to recruit a qualified accountant for their Printing Works at Loughton in Essex. The Works is responsible for the production of all Bank of England notes and currently employs approximately 2,000 staff.

The successful applicant, who will probably be aged 38/40 years, will be capable of assuming responsibility for the financial and management accounting function at the Printing Works. He will have appropriate experience of operating a standard costing and budgetary control system within an industrial environment — not necessarily within the printing industry.

He will be expected to keep an up-to-date knowledge of accounting practice and legislation and should be capable of identifying the need for introducing new systems. He should also be able to play a full part within the management team, initially in support of the present Accountant.

The appointment would initially be on a three-year contract, with the subsequent possibility of a more permanent appointment.

Salary will be subject to negotiation but would not be less than £15,000. Benefits will include a non-contributory pension scheme or contributions to a recognised external pension scheme, subsidised lunches and generous leave entitlement.

Application forms (together with fullest job description) may be obtained from —

The Principal (Recruiting), Staff Division,  
BANK OF ENGLAND,  
Threadneedle Street, London EC2R 8AH.

## General Manager Retail Food Trade

West Midlands  
c. £18,000 + car

This appointment with a long established major high street trading organization is aimed at taking the food trades division into the forefront of competition and will provide interesting challenges and rewards for a person of imagination and innovative nature.

Trading is effected through over 200 units including specialist food shops and supermarkets with developments into superstores. Turnover is currently about £50 million per annum and accounts for approximately half of the total business.

Candidates, ideally aged 35/45, must have a first class record involving all aspects of retail food trading and to be able to demonstrate a natural talent for developing and leading a highly experienced managerial team.

For an application form, write in confidence showing how you meet the specification and quoting reference 3379/L, to E. W. Cornford, Peat, Marwick, Mitchell & Co., Executive Selection Division.

165 Queen Victoria Street,  
Blackfriars,  
London EC4V 3PD.  
Peat, Marwick, Mitchell & Co.

## COMMERCIAL LENDING

A leading International Bank is seeking an experienced business development/credit executive. It is intended that the successful candidate will spend several months in orientation and training at a major Branch before taking up an assignment as the Head of the Credit and Business Development Department of an affiliate in Africa. It is expected that, after an approximate three-year assignment in Africa, he or she could continue long term career development within the Bank in the U.K. or abroad. Candidates must have a relevant degree, professional or post-graduate qualification and at least five years' experience in commercial bank lending.

Salary negotiable commensurate with experience. A generous benefit package will include non-contributory pension plan and concessionary mortgage facility.

Written applications incorporating a curriculum vitae should be addressed in full confidence to:—

B. G. Picking, Esq.,  
ARTHUR ANDERSEN & CO.,  
1 Surrey Street, London WC2R 2PS.

## Executive Search and Recruitment in the City of London

We are an International Company with a profitable growth record in the U.K. and Europe. Having recently extended our services to the City we wish to appoint a Manager to develop an already established division. The ideal candidate will be well versed in the activities of the City, with a strong sales flair and the desire to develop a business through personal commitment and hard work. Knowledge of the search or recruitment industry is not important and age is immaterial. In the first instance, write with career details and salary progression to: David R. Stevens, Ian Martin Limited, International Management Consultants, 71 Uxbridge Street, Kensington, London W8 7TQ. Telephone: 01-221 2535 Telex: 268900. UK EUROPE CANADA USA (This appointment is open to male and female applicants.)

## Accounting Manager

Up to £8,000 + substantial benefits

Sussex Coast

Our client is a household name in international banking and financial services and offers a qualified accountant both exceptional career opportunities and a most desirable work location.

Reporting to the Financial Controller, the Manager will control and motivate a staff of 20 and be responsible, broadly, for all aspects of the financial accounting function relating to the company's activities in UK and Ireland. Systems are computerised and financial controls are sophisticated.

Candidates, aged up to 35, must have at least 2 years financial accounting experience in commerce. An attractive package includes a mortgage subsidy, non-contributory pension scheme, free life assurance, free medical aid cover and relocation expenses where appropriate.

Applications in confidence to E. A. C. Griffin (Ref 8413). This appointment is open to male or female candidates.

**mh Mervyn Hughes Group**  
2/3 Curzon Street, London EC4A 1NE  
Management Recruitment Consultants

01-404 5801

N.M. Rothschild & Sons Limited

## Bullion Dealer

We have a vacancy for a Bullion Dealer. The successful applicant will have had at least two years previous experience dealing in either precious or base metals.

An attractive salary with a comprehensive range of related benefits will be offered to the right candidate.

Please write with full details of career to date to:

P. E. Jones,  
N. M. Rothschild & Sons Limited,  
New Court, St. Swithun's Lane,  
London EC4P 4DU.



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**CSL**

**East of Scotland** **Five figure salary + car**

## FINANCIAL CONTROLLER

Our clients involved in the design and construction of substantial offshore structures for the exploitation of oil, gas and mineral reserves.

Reporting to the Chief Executive, the person appointed to this post will be responsible for both financial and management-accountability functions. Of particular importance will be the contribution that the man or woman appointed will be expected to make towards the tendering, planning and control of major contracts.

Candidates must be qualified accountants aged from 30 and should be thoroughly experienced in the use and interpretation of financial and management information, particularly in a contract accounting environment.

Brief but comprehensive details of career and salary to date, which will be treated in strictest confidence, should be sent to C. B. Williams, Executive Selection Division, Ref. MC3650 at the address below. Please include a daytime telephone number at which you may be contacted.

**COOPERS & LYBRAND ASSOCIATES (SCOTLAND) LTD.**  
Management Consultants  
Highland House, Waterloo Street, Glasgow, G2 7DB.

## Accounting and Systems Adviser

**The Gambia**  
**U.S. \$30,000 Tax Free**

The Gambia Commercial and Development Bank, the largest commercial financial institution in The Gambia, wishes to appoint an accounting and systems adviser to assist with the review and development of systems throughout the Bank.

Candidates should hold a formal accounting qualification, and have a thorough knowledge of bank accounting systems, gained either with a bank or from audit experience with a major international accounting firm. Previous experience in a developing country would be advantageous.

The appointment would be the subject of a two year contract initially. Free furnished accommodation and other benefits would be provided.

For an application form, write in confidence showing how you meet the specification and quoting reference 2091/L, to M. J. H. Coney, Peat, Marwick, Mitchell and Co., Executive Selection Division.

165 Queen Victoria Street, Blackfriars, London, EC4V 3PD.  
Peat, Marwick, Mitchell & Co.

**ipcmagazines**

## Financial Director

IPC Magazines Ltd. with a turnover of £120 million, is one of the two major magazine publishing subsidiaries of the International Publishing Corporation. The Division publishes over 70 weekly and monthly titles ranging from mass circulation women's magazines to juvenile publications.

Following the promotion of the existing job-holder to a general management position, applications are invited for the post of Financial Director, reporting to the Chairman and Chief Executive. The Financial Director is required to manage the 250 staff of the accounts, data processing and secretarial functions in addition to ensuring that all levels of management receive the information they require to run the business. He or she will also be required to take an active part in planning and running the business in conjunction with the other senior executives of the Company.

The person appointed is likely to be an ambitious qualified accountant, preferably with a University Degree, aged over 35, who has a proven record of success as an accountant and as a manager and who is looking for a career which offers substantial prospects both within IPC and Reed International, of which it is part.

The successful candidate is unlikely to be earning less than £13,000 p.a. The rewards include a company car, five weeks holiday and other benefits typically associated with a senior appointment.

Please write stating your qualifications and how your experience would enable you to fill this position to:

**E. G. Court, Chairman and Chief Executive,  
IPC Magazines Ltd., King's Reach Tower,  
Stamford Street, London SE1 9LS.**

## U.K. Fund Manager

*Hill Samuel Investment Management Limited*

Hill Samuel have a vacancy for a U.K. Fund Manager in their expanding Unit Trust Department.

This represents an opportunity for a man or woman to join one of the leading investment management groups.

Hill Samuel manage more than £2000m of funds for pension funds, unit trusts, insurance companies, trusts and other private portfolios.

Applicants aged 26-30 should have a degree or professional qualification and a minimum of 3 years' experience as an analyst/fund manager.

An attractive remuneration package will be negotiated including a profit sharing scheme, mortgage facilities, BUPA and an excellent non-contributory pension scheme.

Please write with full career details to: Mavis Clark, Personnel Manager, Hill Samuel Investment Management Limited, 45 Beech Street, London, EC2P 2LX.  
Telephone: 01-628 8011.

  
A member of the Hill Samuel Group

## CORPORATE LENDING MANAGER

**c.£15,000 + benefits**

Our client is the London branch of one of the world's most powerful commercial banks. As a result of the bank's international expansion policy, an excellent career position has been created for a Manager of U.K. Corporate Relations.

The responsibilities include co-ordinating three of the Account Officers in the marketing of the full range of the bank's services.

The Manager will have a minimum of 5 years' marketing experience in a semi-senior management role, aged probably around 35 and will now want to take responsibility for his/her own operations.

Please write, in confidence, to  
Jack S. Pine, Consultant. Ref: 2704

**David Clark Associates**  
4 New Bridge Street, London E.C.4  
Telephone: 01 353 1867

## Group Financial Director/Treasurer

**Electronics · Engineering**  
**c. £20,000 plus car etc. - Central London.**

Britain's fastest growing privately owned group of companies employing 2,000 people is now formalising its group management structure and creating this new appointment to .....

1. Develop and implement control of operating funds.
2. Ensure efficient financial control within operating companies.
3. Maximise cash generation, negotiate facilities and manage all group assets.

We need a 30-40 year old qualified accountant with top level experience in a £50 Million+ group with an engineering orientation. You should be an analytically minded person with sound common sense and the ability to make a contribution to a small, highly skilled, thrusting group team who have already achieved much in a few years.

Send your C.V. in confidence (your name will not be revealed without your permission) to:

Wilf Morley, Management Services, Loftor House, 53 Victoria Street, Westminster, London SW1H 0EY. Telephone: 01-222 0977.

Rank Xerox are one of the most dynamic and progressive companies operating within the UK - our record of growth and profitability speaks for itself. To meet the needs of our continued expansion we are currently looking for Financial Accountants, male or female, with the drive, energy and ambition to make an important contribution towards handling all aspects of financial accounting within our UK Head Office.

## Financial Accounting Manager

**£9,000 p.a.**

To head up a small accounting group within the Chief Accountant's department. We are looking for a mature Accountant with 2-3 years commercial experience combined with strong man-management skills.

## Financial Accountant

**up to £8,000 p.a.**

This position would suit a recently qualified Accountant with the personality to develop in a fast moving commercial environment.

In addition to the salaries quoted we offer all the major benefits expected of an international company and can promise that your ability and ambition will be quickly recognised and rewarded.

For further details contact: Sue Waddell, Senior Personnel Officer, Rank Xerox (UK) Limited, Bridge House, Oxford Road, Uxbridge, Middlesex. Tel: Chisbridge 51133.

**RANK XEROX**

 **Royal Garden**

## Financial Controller

**£9,000**

The luxury Royal Garden Hotel in London wishes to appoint a Financial Controller, preferably qualified, commercially astute and, ideally, experienced in the hotel and catering industry.

You will be controlling a £multi-million operation, aided by a support team comprising some 40 people involved in diverse financial activities. Working in close consultation with the General Manager, you will be responsible for preparing detailed budgets, forecasts and financial statements.

This is a key position, which has direct promotional possibilities within the Rank Organisation. You will receive a very good benefits package which includes a free medical scheme and first-class pension arrangements.

Please reply to:  
Mr. James Brown, General Manager,  
ROYAL GARDEN HOTEL,  
Kensington High Street, LONDON W8  
Telephone: 01-937 8000.

Rank  Hotels

## Client Account Co-Ordinator

**Salary c.£10,000 plus car**  
**Central London**

This is a new and senior appointment in a well established company operating four members' clubs in Mayfair, and an expanding operation in the provinces.

Reporting to the Financial Director, the successful applicant will assume responsibility and further develop information, control, and collection systems in the highly important area of client account maintenance.

The ideal candidate will be a mature person, able to communicate at all levels of international society. Qualities of tact and diplomacy are essential to the position, as is an ability to work in a fast moving commercial environment on own initiative with limited supervision. The candidate must be willing to work flexible hours when necessary, and to travel - knowledge of French would be useful in this context. Experience in litigation desirable, but not essential. Please write in full confidence to: Malcolm Crossland, FCA, Financial Director, Coral Casinos Limited, 41, Upper Brook Street, London W1Y 1PF. Tel. No. 01-499-7602.

**CORAL**   
Casinos  
A Division of the Coral Leisure Group

## Tax Manager Europe

Raychem is a rapidly growing international corporation with a leading position in high technology plastics and electronic devices. Our growth is expected to continue at an annual rate in excess of 25%. Our European headquarters in Brussels (100 staff) has a vacancy for a tax manager Europe, who will report to the European finance manager. The successful candidate for this key position will be responsible for the following areas:

- tax planning in Europe;
- tax administration;
- tax accounting and reporting review;
- financial forecasting;
- audit coordination;
- E.E.C. multinational tax advice.

Candidates should have gained experience in some of the above areas either in a law firm as tax adviser with an international accounting firm or with a multinational corporation.

When giving full details of career to Raychem Corporation, Mrs. Odette Vermeir, Personnel Department, Leuvensesteenweg 31, 1940 Sint-Stevens-Woluwe, Brussels. Tel.: 02/720.80.40.

**Raychem**

## Hungry. Eager. Can't live on £12,000?

Europe's leading firm of merger consultants seeks a well-educated person to look after its extensive interests in the Midlands. The job involves high-level negotiations and a great deal of contact with senior directors and proprietors. The remuneration package, based partly on results, is exceptionally attractive, and the successful applicant is likely to be 30-40, come from a sales background and earning in excess of £12,000 p.a. He or she will need to be self-reliant, self-motivating and, above all, good enough to develop our excellent reputation in this field. Birmingham based, company car and help with relocation where necessary. Please write in first instance to: Philip Lovegrove, Managing Director.

Chesham Amalgamations & Investments Limited,  
36 Chesham Place,  
London SW1X 8HE.  
Tel: 01-235 4557.



## Financial Accountant

**c. £8,500 - £10,000 + car - S.E. England Major Retailing Company**

Our client is a major international retailing company with a substantial and successful U.K. operation with headquarters in South East England. The company recognises that strong financial systems and standards of accounting are crucial to its continued growth in a very competitive industry.

A Financial Accountant is now required who, reporting to the Financial Director, will head a team of approximately 80 staff through Accounting Department managers. Responsibility covers the total spectrum of all financial activities, including wages, bought ledger, nominal ledger and the maintenance of draft statutory and financial reports.

The need is for a qualified accountant, preferably Chartered, almost certainly aged between 28 and 35 with a minimum of 3 years' line experience. Equally important, however, are strong man-management abilities allied to a wholly professional approach to the requirements of the job.

Our client offers a starting salary in the region of £8,500 - £10,000, together with a broad range of benefits including a company car, pension scheme, Private Patients' Plan and assistance with relocation where appropriate.

Candidates (male or female) with the requisite experience should write for an application form to S.J. Gardner, quoting reference 541/SJG/AA and giving the names of any companies to which details should not be sent, at Moxon Dolphin & Kerby Ltd., 60 St. Marun's Lane, London WC2N 4JB.

**MOXON DOLPHIN & KERBY LTD.**  
MANAGEMENT CONSULTANTS

## D. W. TAYLOR & COMPANY LIMITED

**CANADIAN STOCKBROKERS**

We have recently opened a branch in London and require a manager who can make a real contribution to profitability. The successful candidate will be 30-45 and have had experience in the international markets. Apply:

R. L. Cooper, 50 Gresham Street, London, EC2  
Telephone: 01-606 0016

## Marketing Manager

Textiles—Scotland

c. £11,000+car

Sidlaw Textiles is a major profit centre in the Textiles Division of Sidlaw Industries Limited with a current turnover of £15 million and 1600 employees. It enjoys a high reputation for its products in both industrial and decorative markets and is to appoint a Marketing Manager who will play a key role in its further development. Responsibility is to the General Manager for the entire marketing strategy and its implementation both home and overseas—particularly Europe—plus specific line responsibility for sales of finished decorative products. Candidates, male or

female, aged 30—40, should be graduates or equivalent, with a demonstrable record of success in marketing in the textile, fabric or closely related industry. Fluency in another European language would be an advantage. The ability to work in a team and lead through persuasion is important as are skills in identifying business opportunities. Salary is negotiable around £11,000 plus car and other benefits. Location is Dundee but extensive travel is involved. (PA Personnel Services Ref: SM45/6970/FT)

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

### PA Personnel Services

127 George Street, Edinburgh EH2 4JN. Telephone: 031-225 4481.



A member of PA International

## Business Development Manager

Commercial Vehicles  
Scotland, Five Figure Salary + Bonus + Car

To support and assist in the further development of their distributor network, Volvo Trucks wish to appoint an experienced individual to lead this activity. With the support of a small team responsibilities will cover the spectrum of dealer development with an emphasis on business and financial management. Applicants, ideally in their 30's, with formal qualifications in Business Administration and/or Accountancy, must have a proven track record within the motor trade ideally gained in a business management role with a manufacturer or major distributor but possibly in general management within the trade. The ability to gain the confidence and respect of distributors is of paramount importance as are communication skills. The appointment carries a salary well into five figures and excellent conditions including a prestige car and generous relocation assistance. With the present and projected growth of the company, success should lead to further advancement. Apply, in the first instance, to Mr. J.C. Brown who is advising the company on this appointment.

J.C. Brown, Ref: 31436/FT.

Male or female candidates should telephone in confidence for a Personal History Form to:  
GLASGOW: 041-221-2585; 127 St. Vincent Street, G2 5JR.



Executive Selection Consultants  
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

## Property Management

Life Office—Edinburgh  
Five-figure salary plus benefits

This is an exceptional career opportunity with a clear brief to assist in the expansion of the property portfolio of a leading life office. Prime responsibilities are the identification, evaluation and negotiation of investment propositions for recommendation to the Board. Candidates, male or female, will probably be aged 35-40. They will be either lawyers or surveyors with extensive experience of property investment gained in a financial institution or property company. Enterprise, imagination and investment judgement are qualities which will be looked for in candidates for this key role. Given success in this role, promotion to head of the property team would take place within three years. Commencing salary negotiable according to qualifications and experience. Benefits include car, staff house purchase facilities, non-contributory pension scheme, etc. (PA Personnel Services Ref: GM45/6971/FT)

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

### PA Personnel Services

127 George Street, Edinburgh EH2 4JN. Telephone: 031-225 4481.



A member of PA International

### BANKING MIDDLE EAST TWO MAJOR APPOINTMENTS

Our client, one of the major banks in the Middle East, wishes to make the following appointments:

#### SENIOR FOREIGN EXCHANGE & CURRENCY DEPOSIT DEALER

Up to \$50,000

The person appointed will report to the Foreign Exchange Manager and will lead the team of Dealers. Applicants must have between 5 and 10 years experience in the dealing room, be in the age range 30-40 and preferably have a degree. Prospects are excellent. Ref. 988.

#### ASSISTANT TREASURER

Up to \$40,000

The person appointed will advise the General Management on the Bank's policy for asset management and market operations and monitor implementation of this policy. Applicants should have a wide knowledge of money markets and investments in the major currencies and be in the age range 30-40, preferably with a degree or professional qualification. Prospects are excellent. Ref. 989. In addition to salary, which is negotiable up to the figures mentioned for each post and which is tax free, there are attractive fringe benefits including free accommodation, car and free medical facilities. The bank is prepared to take over an existing sterling mortgage where appropriate. Contracts are for two years, renewable thereafter. Please write to or telephone W. L. Tait, for an application form, quoting the particular reference number.

Touche Ross & Co. Management Consultants

4 London Wall Buildings,  
London, EC2M 5UJ.  
Tel: 01-588 6644.

### QS BANKING RECRUITMENT CONSULTANTS

Currently we are seeking experienced staff for International and Merchant Banks at all levels. We also seek young Clearing Bankers wishing to develop their careers. A confidential and highly personalised service. Please telephone SHEILA ANKELL-JONES 01-238 0731 OR MIKE EDPE 30-31 Queen Street, EC4

### AGENT WANTED

to sell diamond grinding wheels—stone saws tooling for established manufacturer. For London and Home Counties.

Replies in writing to Box A.6834, Financial Times, 10, Cannon Street, EC4P 4BY.

## financial controller Eastbourne

Our client, Armour Pharmaceutical Co. Ltd., a UK subsidiary of REVLOX HEALTH CARE GROUP, manufactures a wide range of pharmaceutical products at Eastbourne, Sussex.

They wish to appoint a Financial Controller to be responsible to the Managing Director, reporting to RHCG Headquarters located in Paris, for all aspects of the company's finances including taxation, with a special emphasis being placed on management accountancy. The maintenance and development of effective control procedures and the provision of a lively and efficient financial service to all levels of management will be a key aspect of this important appointment which could lead to a Board Appointment.

Candidates should be in the age range 33 to 43 years and should be qualified accountants with relevant industrial experience, preferably on an international level.

Terms and conditions of employment are excellent, including a five figure salary, an attractive bonus package, a Rover 2600 car and other appropriate fringe benefits including generous relocation expenses where necessary. Applications in writing, giving full details of career development should be forwarded to F. Atwood, 186 City Road, London EC1V 2NU.



### Robson Rhodes

Offices in London, the Midlands and West Yorkshire and — as Dumwoody, Robson, McGladrey and Pullen — in most of the world's major trading centres.

## FINANCE CONTROLLER

Rural Yorkshire circa £7,000+car

Our client is a soundly based, profitable and fast expanding company enjoying a multi-million pound turnover through a number of related activities. The stage has now been reached where a finance controller is required to develop the accounting systems and procedures together with the budgeting, treasury function and general administration. Reporting to the Financial Director, the successful candidate will supervise a small staff and be actively involved in the executive decisions of the company. Applicants should be qualified accountants preferably, although not essentially, with previous commercial experience, under 30 and with the capacity to assume greater responsibility in the future. The generous remuneration package includes assistance with relocation costs where necessary.

Please telephone 021-632 3835 for an application form or write to John L. Overton, F.C.A., M.E.C.I., Overton Management Selection Limited, Monaco House, Bristol Street, Birmingham B5 7AS, quoting reference 3/1153/FT.

Applications are welcomed from men and women.

### OVERTON MANAGEMENT SELECTION

## PANMURE GORDON & CO.

Our Research Department has two vacancies for senior analysts, one to cover the chemical and pharmaceutical industries, and one to cover minerals and mining finance. A relevant professional qualification and some years' investment experience are essential prerequisites for both posts: ideal candidates should be able to make authoritative and innovative contributions to investment thought in their respective fields. Remuneration and prospects for personal advancement will provide an outstanding opportunity for the right individuals.

Please reply to:

G. F. Hallwood, Personnel Manager,  
Panmure Gordon and Co.,  
9 Moorfields Highwalk, London EC2Y 9DS.

## JAMES CAPEL & CO.

### CORPORATE TRUSTEE WORK

We require an Assistant for the Partner in charge of our Executor and Trustee Department. Applicants, preferably in their 20s, should have some relevant experience in The Stock Exchange or the securities industry; be adept at fostering good client relations; and be able to express themselves lucidly, verbally and in writing.

The successful candidate will have initiative and ambition, together with the potential for advancement within the firm, and will be rewarded accordingly.

Please apply in confidence, with details of career and achievements to:

D. Schulten,  
James Capel & Co., Winchester House,  
100 Old Broad Street, London EC2N 1BQ.  
Tel: 01-588 6010.

## Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

### RECRUITMENT CONSULTANT

Jonathan Wren & Co. Ltd. is the longest-established recruitment consultancy specialising in the banking profession.

Due to expansion, we have a vacancy for an additional Consultant. Candidates should have a background in banking, or in personnel in any industry, or in consultancy. The qualities we seek include an interest in people and the ability to build a strong rapport with colleagues and clients. You should be aged over 25, but we do not have an upper age limit in mind.

We offer a working environment which is exhilarating and which frequently demands involvement beyond the hours of nine to five. Salary—consisting of basic, bonus and profit-sharing—will be into five figures.

If you are interested, please telephone  
KEN ANDERSON or KEN THOMSON

First floor—entrance New Street  
170 Bishopsgate London EC2M 4LX 01-623 1266

## ASSISTANT FINANCE MANAGER

We are at present recruiting an Assistant Finance Manager based in our London office.

The position will particularly appeal to a newly qualified ACA who seeks to gain extensive experience in international financial operations within a commercial organisation. Essentially, applicants must possess a thoroughly professional outlook coupled with the flexibility to work with a diversified sales organisation.

An attractive salary is offered together with benefits expected from a major international organisation.

In the first instance please write with full résumé to:

Mrs. V. P. S. Tempest,  
Coordinator-Personnel,  
UNITED STATES STEEL  
INTERNATIONAL INC.,  
Albany House,  
Pasty France,  
London SW1H 9EQ.



## Managing Director

Retailing £20,000+

In this London prestige store, well-known worldwide, the post of Managing Director is one of the pinnacles of the retail sector. To undertake this key role, we seek candidates whose background includes both merchandise and marketing experience, embracing men's and women's clothes and accessories of the highest calibre. The personal qualities necessary for sound management and personal relations will be an important determinant, and the ideal age is in the early 40s. Above all, the ability to develop imaginatively the predominance of this enterprise in the fashion world must be clearly

evident from a successful record of profitable achievement at senior level in a related field. Remuneration freely negotiable at the level indicated with considerable additional benefits. Ref: F2288/FT

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

### PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



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# Chief Executive

## Scotland

An experienced Merchant Banker or well known industrialist is required as full time Chief Executive for a small but expanding merchant banking operation in Scotland which is backed by several well known institutions. The ideal candidate will be aged 35/50, with recognised banking, law, accountancy, or other relevant qualifications and experience of corporate finance, banking and investment management. He or she must

## Merchant Banking

possess the standing and personal reputation required to build upon our client's already sound and growing business. The rewards include a high basic salary, equity participation, car, pension and life assurance schemes, and generous assistance if required with costs of relocation.

(PA Personnel Services Ref: GMS0/8972/FT)

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

### PA Personnel Services

Hyde Park House, Knightsbridge, London SW1X 7LE. Telephone: 01-235 6060. Telex: 27874.



A member of PA International

# Contracts and Finance

Capital Goods  
Greater Manchester, c. £10,000 + car

This is a key appointment within a capital goods manufacturer having a £30 million turnover. Reporting directly to the Managing Director, the successful candidate will have a promising future, be involved in important decision making, and be part of a management team which is dedicated to improving the efficiency and profitability of the company. Responsibilities include preparing and negotiating contract conditions and terms of payments for sales and purchases and the negotiating

and organising of associated finance and insurance arrangements. Contracts, of which a large proportion are overseas based, vary considerably in size upto £10 million. Candidates should be educated to degree standard, preferably including contract law as a main subject, be prepared to travel overseas and have had a number of years experience within an engineering contract environment. The ability to negotiate forcefully at the highest level is an essential personal quality.

G. Sable, Ref: 29245/FT.

Male or female candidates should telephone in confidence for a Personal History Form to: MANCHESTER: 061-236 8981, Sun Life House, 3 Charlotte Street, M1 4HB.

# Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

## £6,000 accountancy appointments £9,000

These advertisements appeared in the Financial Times on 10th July, 1979.

Job Title	Salary	Location	Advertiser
Management Accountant	£7,500	Sussex	Bowater-Scott
Financial Accountant	£6,500	Worthing	Euromedical Industries Ltd.
Various	£4,000-£8,000	Various	Bee Professional Staff Ltd.
Financial Controller	To £9,000	West End	Robert Half
Financial Analyst	£8,000	C. London	Robert Half
PA to Director	£8,000	London	Robert Half
Audit Manager	£18,000	Saudi Arabia	Chemsuit
Capital Asset Controller	£13,500	Saudi Arabia	Chemsuit
Senior Auditor	£15,000	Saudi Arabia	Chemsuit
Accountants	—	London	Joselyne Layton-Bennett & Co. Umist
Lectureship in Finance/Accounting	£4,232-£8,452	Manchester	—
Senior Accountants	£10,000 +	Saudi Arabia	IPS Group
Various	£7,000-£11,000 + Car	Various	Richard Owen Associates
Assistant to Group Finance Manager	£8,000 + Benefits	London W1	Extel Recruitment
Assistant Financial Accountant	£6,000	Wiltshire	Thora Television Rentals Ltd.
Accountant	£7,500	Tyckeham	Dunlop & Badenoch
Qualified Accountant	—	Oxford	Timbmet Ltd.
Accountant	Up to £8,500	London based	MSMS International Ltd.
Tax Assistant	£7,000 +	London based	MSMS International Ltd.

For full details please see the F.T. of that date or telephone Sally Stanley on 01-248 5597.

## Financial Controller

London - City  
£15/20,000 p.a.

This new appointment to the UK division of an international shipping corporation is in anticipation of a major growth programme. The incumbent will play a key role through financial planning and control and liaison with the corporate finance body of the parent company. Reporting to the managing director responsibilities will include long and short term planning, all routine accounting and the E.D.P. function.

Candidates, ideally aged 30/40 must be qualified accountants with extensive experience of capital appraisals, management accounting and the application of E.D.P.

Write in confidence, quoting reference 1600/LL, to E. W. Comford, Peat, Marwick, Mitchell & Co., Management Consultants, Executive Selection Division.

165 Queen Victoria Street, Blackfriars, London, EC4V 3PD.  
Peat, Marwick, Mitchell & Co.

## PORTFOLIO MANAGEMENT BANKING

Age 28-40

£ negotiable

A well-known International Merchant Bank wishes to appoint a person who will be responsible for managing clients' portfolios. Sound judgment of investment situations is the first requirement, with a special emphasis on fixed interest markets and Eurobonds. It is anticipated that the successful Candidate will also be familiar with the London and the international investment markets. In terms of personal qualities, the appointee should be able to meet and assess people and also be able to sustain complete credibility in this specialised field. A knowledge of French and German would be helpful. A fully competitive salary will be negotiated, and the usual range of benefits apply.

Written applications should be addressed to

Rod Jordan, A.S.E. (General Manager).

**BANKING PERSONNEL**  
41/42 London Wall London EC2 Telephone: 01-588 0781  
(RECRUITMENT CONSULTANTS)

## MILLS & ALLEN COMMUNICATIONS

### Marketing/Commercial Manager

£10,000 plus a car

Mills & Allen Communications Ltd., a subsidiary of Mills & Allen International, requires a marketing/commercial manager to:

- sell our viewdata services (we run the largest publishing service on Prestel)
- market our new range of software products (the emphasis here on user-friendly mass computing)
- assist in the development of business plans for existing and new areas of activity.

We are looking for someone in their late 20s early 30s with strong commercial experience in a service industry, who can contribute to, and grow with, the company's growth during the next few years.

Applications please to Sue Morris, Group Personnel Manager, Mills & Allen International, Broadwick House, Broadwick Street, London W1V 1FP. Tel: 01-439 9541.

## YOUNG FINANCIAL MANAGER

ESSEX

Emoluments circa £9,000

This challenging and progressive key management appointment within the Finance function of one of the major prestige marketing orientated U.K. multi-national groups calls for a young ambitious, commercially orientated accountant of the highest calibre with management capability.

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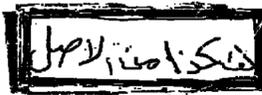
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Record Review

Of keyboards and kings

by NICHOLAS KENYON

Johann Jakob Froberger was for some 20 years employed by the Holy Roman Emperor Ferdinand III as organist at the court chapel in Vienna. That the bond between this talented musical monarch and his servant was very close can be heard from the Lamentation which Froberger wrote on Ferdinand's death in 1657, one of the most deeply moving pieces in all baroque keyboard music. It opens a new record of Suites by Froberger, played with quiet introspective eloquence by Kenneth Gilbert (Archiv 2533 414). Gilbert uses an original Pierre Belfort harpsichord of 1729, and he follows Froberger's own arrangement of the dance movements in the Suites, instead of placing the Gigue at the end, as later baroque composers were to do, he places it second, making the unusual sequence Allemande, Gigue, Courante, Sarabande.

Gilbert brings a special expressive intensity to these Suites, making the most of the differences in their idiom from those of the 16th-century Allemandes, the slow, prelude-like Courantes are flowing but not virtuosic. Sarabandes are graceful yet powerful. The restraint of the music is ideally suited to Gilbert's careful, almost uncommittal approach, and the disc is well planned to end with the Suite which includes another lament—this time for Ferdinand's son. In these Laments the final notes ascend up the keyboard, and in the beautiful original copies of the works, the barline is obscured by an engraving of Heaven, to which the soul has ascended. What is one to make of Froberger's other lament for a friend, which ends with a descending scale?

The early and middle baroque is a most fruitful field of keyboard music, which the towering achievements of Bach, Couperin and Rameau have tended to overshadow. If Froberger's name is little known, that of Gaspard Le Roux is quite unknown. He makes an appearance in Paris at the end of the 17th century and in 1705 published some exceptionally interesting pieces de Clavecin. Not only do they develop the language of Chambonnières and d'Anglebert

towards that of the high baroque, but unprecedentedly they are designed for performance by two harpsichords. Le Roux gave precise instructions as to how the music was to be realised, and on a new recording (Harmonia Mundi France, HM 389), William Christie and Ardur Haas perform four of the seven Suites on two Dowd instruments. The results are rich and wonderfully intricate and, in some movements (particularly a noble Chaconne in F) as impressive as much of the later repertoire.

Rameau's keyboard works mark the summit of the elaborate French baroque style, and there are now several complete versions available, including George Malcolm's pioneering and incomparably lively set on Argo. Kenneth Gilbert's restrained performances on Archiv and (my favourite) Trevor Finnoch's crisp and stylish collection, available on three separate records from CRD, would be nice to recommend the one-disc selection by the American Scott Ross (Telefunken Das Alte Werk, 642236), but though the playing is well-moulded and very responsive to the intricacies of the music and its ornaments, the record has been idiotically put together. Not only are pieces from the Suites in the wrong order, but large bands have been placed within individual variation sets on both sides—one has to wait as long between each of six doubles as between full movements.

To compensate a first-rate record of late French baroque music—not for keyboards, but for strings—by Jean-Marie Leclair, who did so much to increase the violin's virtuosity and range in the mid-18th century. On this record (variously entitled *Musique de Chambre*, Late Works: Archiv 2533 414), Musica Antiqua of Cologne play two Overtures and two Sonatas for unaccompanied violins with real fizz. I praised this group on its first London appearance, this year. The highly individual style of performance on original instruments, with carefully controlled weight and shading, deftly articulated, is here captured to perfection. Outstanding.

Two English records of keyboard music in the Florilegium completa Dowland series. Colin Tilney has assembled a fascinating collection of transcriptions

of Dowland works by other composers, including Farnaby, Wilbye, Morley and Byrd (Decca Florilegium DSLO 552). Through them all run Dowland's pessimistically obsessive signature tune, the Lachrimae Pavan, but there are other more cheerful tunes and dances, all elaborated and decorated by their arrangers and played with real feeling for their different styles by Colin Tilney. And on CRD, Gerald Gifford has compiled an album rather unconvincingly called East Anglian Keyboard Music (CRD 1057): the music is interesting, though, with some rare English pieces by Greene, Hook and Crotch, and three superb instruments—two harpsichords from the Fitzwilliam Museum, Cambridge, and the organ of Framlingham Church.

More fine English keyboard music is on Thomas Tomkins *Musica Deo Sacra* (Argo ZRC 897), with his church music sung by the Choir of Magdalen College, Oxford; more madrigals and motets by this undeservedly neglected figure are sung by the Deller Consort on Harmonia Mundi (HM France 232). I notice that I have scarcely mentioned an unquestionably great composer, yet this group of records has given me as much pleasure as any more famous music I have heard recently.

Sallinen commissioned to write opera

The Royal Opera House, the BBC and the Savonlinna Festival have commissioned the Finnish composer, Aulis Sallinen, to write an opera to be performed at the Savonlinna Festival in Finland in the summer of 1984 and at the Royal Opera House, Covent Garden during the 1984/85 season. The opera will be broadcast from the Royal Opera House by the BBC on Radio 3.

Sallinen is the composer of two already established operas, *The Horseman* and *The Red Line*, the latter of which was recently performed at Sadler's Wells by the Finnish National Opera.

The commission will be financed by the Savonlinna Festival, The Royal Opera House and the BBC.

The Spoleto Festival

A rich uneven mixture

by WILLIAM WEAVER

The 22nd Festival of Two Worlds, now in progress here, must be considered transitional. The festival's artistic director for the past several years, the actor Romolo Valli, resigned last spring; his replacement, Raffaello De Banfield, has presumably not yet been able to impress his taste on the programming. For some time De Banfield has been artistic director of the Teatro Verdi in Trieste; one of the best-run and most interesting of Italian opera houses. A composer of international background and experience, De Banfield was a shrewd choice for Spoleto; one looks forward to the next festival.

Meanwhile, this year's seems pretty much the familiar, rich, uneven mixture. The opening event was a new production of *La sonnambula*, designed and staged by Pier Luigi Samaritani, conducted by Christian Badaea (the festival's musical director), and starring a 23-year-old soprano, Lucía Aliberti. Actually, this artist was discovered by Spoleto's other, less well known and less glamorous festival, the Teatro Sperimentale, an annual autumn season of repertory operas introducing very young, unknown singers. Miss Aliberti won the competition that is associated with the Sperimentale and sang a *Sonnambula* for them last year.

She is, without question, a singer of promise and talent; but she hardly seems ready for the glaring, international exposure of a Spoleto inauguration. The voice is still unformed in the lower register, and she has occasional problems with pitch. But she has a sweet, assured stage presence, a secure and agile top voice, admirably clear enunciation. She is not up to all of Bellini's demands at this stage, but she was never less than appealing.

She was not helped much by the conductor, Badaea, who proved his ability on other occasions, but he apparently has no grasp of Bellinian style. His reading was without grace, without elegance; most of the time it was too loud and fast, as if the conductor lacked faith in this elusive score. The tenor, Aldo Bertolo, also is no Bellinian; he sobbed and crooned (and sang off pitch). His Elvino was often painful.

Fortunately the rest of the cast was excellent. Ferruccio Furlanetto was a properly young, attractive Count; and Renata Baldisseri a lively, sufficiently malicious Lisa (her often-cut second act aria, "De' lieli auguri," was happily restored). The Westminster Choir, now one of Spoleto's regular assets was, as usual, accurate and musical and fresh-sounding.

Pier Luigi Samaritani's production had some unfortunate aspects (a ballerina was added to the cast, and her dumb show was obtrusive and unnecessary), but for the most part it moved well. His costumes for the men—Kate Greenaway pantlettes and ice-cream pastel colours—were extremely unflattering; but the girls looked lovely. I cannot judge the sets, because the performance I saw was being televised, so the lights were harsh and unflattering. Still, they seemed attractive.

This year's festival, like the past few programmes, has a good deal of spoken theatre. I saw two things, in fact, in the two days I was there. The first was a one-woman show, *Molly cara*, starring Piera Degli Espositi. This recitation of the last pages of Joyce's *Ulysses* (in a fluent translation by Giulio De Angelis, arranged by Ettore Capriolo) offers the occasion for a bravura performance. Piera Degli Espositi is certainly remarkable, for her stamina and her memory, if not timing and, paradoxically, she—or her producer, Ida Bassignato—decided against any naturalistic interpretation; so the piece becomes a kind of recital; much of the text is delivered in a tiresome sing-song. In the few moments when she drops this cadenced speech and lapses into normalcy, the actress is affecting and the text comes to life (the finale is moving).

Lina Wertmüller's play *Amore e magia nella cucina di mamma* (Love and magic in Mamma's kitchen) was written almost a decade ago, for the actress Sarah Ferrati and for Franco Zeffirelli to stage. Both Lina Ferrati and Zeffirelli were horrified by the work, and it was shelved until now. Considerably rewritten apparently, it has been staged by the author; and she has done an impressive job. The work is based on a real-life drama, the story of Leonarda Cianciulli, a murderer who, having killed some women friends, boiled up their dismembered bodies and made soap and candles. Known as the



Lucía Aliberti and Aldo Bertolo in La Sonnambula

"saponificatrice di Correggio" (the soap-maker of Correggio), the murderer was confined in the criminal mental hospital of Pozzuoli, where she died a few years ago.

For Lina Wertmüller, the murder story is a pretext for examining the cultural conflict between Leonarda, a poor superstitious woman from the backward south, and the northern Italian, rigid, conventional middle class. The three victims are three Brief Lives, studies in the variety of unhappiness and solitude. Leonarda murders them out of superstitious conviction, to prolong the life of her son; and in the final scene, in the Bedlam of Pozzuoli, she has assumed the role of mother to the inmates.

In Enrico Job's stark and apposite set, Wertmüller has staged a kind of ritual, centering around the hair-raising Isa Daniela, who does not "play" Leonarda, but becomes the character in a total identification. The all-female cast offers

strong support, and Elena Mannini's simple black costumes are somehow both timeless and precise for this drama which is set in the immediate post-war period (the real Leonarda was sentenced in 1946). As it is, the play is long, perhaps too long for the usual Italian audience; but it has, nevertheless, a tremendous impact.

Because of a conflict, I could see only the latter half of *L'incoronazione di Poppea*, and I am sorry to have missed the rest, because what I saw was beautiful and moving. The production, by Filippo Sanjust, was straightforward, unflashy, framed by some steps and a line of Corinthian columns. Alan Curtis's edition of the opera (to be published next year by Novello) is scrupulous without being austere. The music speaks for itself, in all its splendour. Curtis conducted his Complesso Barocco (a picked group of first-rate musicians) and the superb cast. Carmen Lavanti was a sweet Drusilla, and—as Poppea

and Nerone—Carmen Baltróp and Carolyn Watkinson were outstanding; stylish, impassioned, convincing. Marjanne Kweksilber sang Ottavia's farewell to Rome with touching dignity. A great success, also with the capacity audience, despite the oppressive heat of the overcrowded Teatro Caio Melisso.

As always the Festival offered a non-stop series of concerts: at midday, in the afternoon, at night, in the theatre, under the porch of the Duomo, in other churches. And, also as usual, much of this music-making is on a high level. There are also several art shows, including a small, but choice exhibition dedicated to Gerardo Dottori, who died two years ago at the age of 83. A second-wave Futurist, Dottori was the chief exponent of "aeropittura," and his strange, compelling landscapes from above are the most absorbing and enduring part of this welcome review of his work.

Criterion

Bent

Martin Sherman's unsettling play, part horrific comedy, part concentration camp love story, has now transferred from the Royal Court to the West End.

Robert Chetwyn's production still stars Ian McKellen as the homosexual Schwyzk figure, Max, and Tom Bell as his grimly saturnine companion in Dachau. Both men are detailed to break stones, an activity whose monotony is rather realistically insisted upon by the actors, although they enliven the rest periods by encouraging each other to extra-sensory reactions while standing yards apart. This may be known as getting their rocks off.

There is one small cast change. Wolf, the blonde nude running around the Berlin apartment shared by Max and a fey dancer, is now played by Terence Suffolk, large and lumpy, but cleverly making something of a thin-witted character. Mr. Sherman's entire play in fact, is less memorable for its writing than for its sense of claustrophobia. Wolf's being cut as the Stormtrooper's burst in to purge the city of homosexuals; Max beating the dancer to death in order to survive; Max's account of how he gained a yellow star instead of a pink triangle. (Jews got more meat



Ian McKellen and Tom Bell

in their soup than did gays) by committing an act of necrophilia on a female corpse; the grizzly electrocutions at the end. I find it impossible to be either cool or enthusiastic. Like *Holocaust*, on TV, it prompts discussion as to how you resist terrible aberrations of

history without celebrating them. *Bent* is dangerously close to becoming a cult, a rallying cry for liberated metropolitan gays. On the other hand, I know of people, even Jews, who have seen the play

and knew nothing of the Nazi persecution of homosexuals beforehand. Of one thing, though, I can be sure: it is performed with dignity, conviction and grace. MICHAEL COVENEY

St. Bartholomew-the-Great, Smithfield

Electronic and computer music

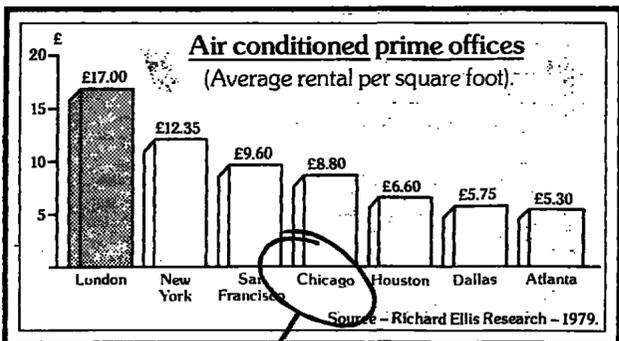
by DAVID MURRAY

The 20th-Century Music Festival at St. Bartholomew's continued on Tuesday with prominent loudspeakers. All the music involved pre-recorded tape, generally more sophisticated than Stockhausen's intuitive and scruffy *Telemusik* of 1966, which ended the concert. Bows were taken for those composers who were present only in electronic spirit by Stanley Haynes, presiding efficiently over the equipment. His own Prisms for piano (George Nicholson, attacking his relatively modest part with a will) and computer-synthesised tape toyed with a range of sound from actual piano through not-quite-piano to very remote, shrill cousins; its expressive means were narrower.

The programme-book is capricious with information about composers, variously supplying welters of it or none. John Chowning was identified dauntingly as "best known for his paper 'The Synthesis of Complex Audio Spectra by Means of Frequency Modulation'" but the highly polished sounds of his *Turens* amounted to inoffensive chanting ornamented with bursts of twittering. James Anderson Moore was identified only by name, but his two voice-transformation pieces were realised at the

Paris IRCAM (like the Haynes piece and the Risset one). They made refined and witty play with spoken poems; Moore's ambitions might well be more commercial or theatrical than musical, and he sounds resourceful enough to invent a place for himself.

Jean-Claude Risset's quadraphonic *Songes* treats a handful of post-Impressionist motifs (recorded by live players) to headily suggestive computer-atmospherics. Very pretty, and reminiscent of the first of Bartók's *Deux Images* with its sweltering languor; not what one expected to come out of IRCAM. Paul Patterson's tricky *Shadows* for clarinet and two loudspeakers, each emitting a shadow of (I assume) the live Charles Hine, is dramatically facetious—feigned discords between the player and his disembodied selves—in proportion to the composer's awful gloss ("a comment on the so-called climate of our times, the individual's resistance to a dehumanising society"). The lively energy of the music, however, owing scarcely anything to the hardware, was striking; Patterson's natural fluency never seems programmed, and the imaginative thrust of his clarinet-writing here, deserved to be put to less catchpenny ends.



There's something Chicago has to do, on page 29

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# Helping the entrepreneur

A NEW SPIRIT of enterprise is abroad in Britain's business community. This is the surprisingly optimistic picture that emerges from the annual report of Finance for Industry (FFI), which in its main field of operation, the provision of highly-guaranteed loan capital to small firms, has had a record-breaking year. Loan offers were made to 1,055 companies in 1978-79 and sums advanced have almost trebled in just two years.

FFI's experience could be the best economic news Britain has had for a long time, particularly in the buoyancy of small business continued encouraged by the new tax climate and further Government measures, such as the plan to assist venture capital investment unveiled by the Department of Industry yesterday.

## The best hope

A resurgence of small business is the best hope for stemming the rise in unemployment, not just in Britain, but throughout the industrialised world. A recent U.S. study showed that 66 per cent of the new jobs created in America between 1969 and 1976 were in tiny companies with fewer than 20 employees.

Small firms in America are the focus of product innovation. They are the natural units in which technologists and businessmen can combine their talents and launch new products, initially with labour intensive processes, which alone can provide new employment in advanced industrial countries with high labour costs.

Britain has never been short of new ideas, but has consistently failed to exploit them profitably. FFI has been receiving growing numbers of proposals from managers in large companies who, having spotted a product that their companies have failed to develop, are deciding to go into business to do so themselves.

## Limited scope

Welcome as it is, the apparent renaissance of small business over the past two years is perceived by the tax incentives and exhortations of the last government may have contributed something to it, but they were limited in scope and too recent to account for much of the new activity. Most likely the government was in fact leading from behind, responding to a movement in the business community that was already going on.

The fortunes of small businesses are highly sensitive to business cycle movements and the small business resurgence must be largely due to the economy's recovery from the 1973-75 recession.

If economic growth has been the main factor in the establishment of more small businesses, the perspectives are now gloomy. The question is whether the radical tax reforms of the last budget, coming on top of the previous government's initiatives on capital taxes, will more than offset the effects of an economic slowdown.

Income taxes, and not the capital taxes, on which the last government provided some relief, have been the small businessmen's biggest complaint for many years. But the recent cut in higher tax rates could initially have a paradoxical effect on new business formation. Exorbitant taxes on employment income can be a strong incentive for going into business. Even the most successful manager can rarely provide himself with the spending power and material advantages that many a small businessman achieves by "living off" his company. Income taxes, reinforced by incomes policies directed against highly paid employees, must account for some of the defections from management into small business.

The bias against wealth accumulation in Britain's tax system is now fortunately being redressed. But it will take years for tax changes to reverse past trends. Meanwhile a lack of personal seed capital remains the British entrepreneur's biggest hurdle.

## Venture capital

There is still much to be done to divert more of Britain's personal savings out of pension funds, insurance companies and building societies and into venture capital. Gradually the fiscal advantages of institutional saving must be matched by incentives for direct investment in industry. The savings institutions can protect this exposed flank by acting more boldly in their backing of small businesses and of joint projects such as FFI-Equity Capital for Industry and the Small Business Capital Fund. FFI has shown that the entrepreneurs are out there in the British business community and the institutions must actively seek them out.

# The threats to Mr. Desai

AS THE Janata Government of Mr. Morarji Desai fights for its survival, an unwelcome skeleton is rattling, that of inter-communal violence. For the fears at now widespread of a revival of the Hindu-Muslim clashes which cost India so very dearly during Partition in the 1940s.

Recent years have seen a marked contrast between the feuding of the country's political forces and the success of the economy. Foreign exchange reserves are at the record level of over \$7bn, growth is expected to exceed plan targets of an annual 4.7 per cent, grain stocks exceed 20m tonnes, and invisibles and aid easily cover last year's trade deficit.

## Over capacity

Good monsoons and, more important, mounting returns from major irrigation projects are beginning to make their mark. The villagers have found their purchasing power greatly increased and the result has been a surge in demand from which industry, long plagued by over-capacity, has benefited. At the same time Mr. Desai's government has removed some of the controls on the economy.

In this last area Mr. Desai has ploughed a course on which Mrs. Gandhi also seemed set. But in the question of communal relations he has alienated members of his Janata Party to go completely against the tradition of all post-Independence governments. These have always tried to preserve two balances, that between the individual states and the federal government and that between the different religious communities in the hugely-varied sub-continent.

But the communal question has now become sufficiently serious both to be at the centre of the present no-confidence debate on Mr. Desai in the lower house of parliament and to be the cause for many of the resignations which have cost his Janata Party its majority.

There are various subsidiary issues. Mr. Desai has the same sort of political problems because of the activities of his son, Mr. Kanti Desai, as does Mrs. Gandhi with her son, Mr. Sanjay Gandhi.

In the case of Mr. Desai, most of the deputies who have now resigned from his party have

joined up with Mr. Raj Narain, dismissed as Health Minister by Mr. Desai after demanding an enquiry into the corruption allegations against Mr. Desai's son. But Mr. Narain is now worried about wider issues—about the mounting-urges in the police and security forces; about deteriorating labour relations which now threaten to involve the railways; and about the way "communal riots are proving to be beyond control."

Parliament was told yesterday that 146 people were killed and 812 injured in Hindu-Muslim riots in the first five months of this year. The real figures may be higher. In April over 100 people were killed in the steel town of Jamshedpur in Bihar—long one of the most potentially explosive states. In June at least 28 people died in riots in West Bengal and over 3,000 Muslims fled for sanctuary to Bangladesh. Most recently, Aligarh, a Muslim centre in the predominantly Hindu state of Uttar Pradesh, after eight months of curfew, has had to be put under virtual martial law.

## Opportunity

Previous governments in post-war Delhi have tackled the communal question by adopting strongly secular policies. But when the coalition of Janata forces was formed to overthrow Mrs. Gandhi one of its elements was the Jana Sangh, an avowedly Hindu movement with a militant wing, the RSS, which in earlier times had been banned by Mrs. Gandhi. The Jana Sangh has tended to use its influence to advance Hindu interests. Its growing influence in the ruling Janata Party has caused an increasing backlash in the party, as well as causing some of its former allies in parliament to continue to support it.

Though it would take further defections to threaten Mr. Desai's government, the writing is thus on the wall, if not for the government, at least for communal policies it has allowed. But with the once-proposed Congress in disarray this is less a fresh opportunity for Mrs. Gandhi than one for a radical reformation of Indian parties. At present they have responded to the problems posed by the size of India by being mainly coalitions of personal interests. It is time for them to widen their scope.

WITH THE eyes of Mrs. Margaret Thatcher and 5m other home owners upon them, leaders of Britain's building societies meet tomorrow to consider raising their interest rates to record levels.

Before the full 36-member Council of the Building Societies Association announces its decision at noon, it will no doubt be taking the advice of one of the country's better-known owner-occupiers and thinking "long and hard" about the choice facing it, although the outcome is unlikely to meet with her approval.

For despite Prime Ministerial suggestions that the societies would do well to do nothing, except wait for their competitive environment to improve, the societies themselves have quite different ideas.

In their eyes, the major difficulties now facing them are largely a direct consequence of the Government's tight monetary strategy and it is home owners who will have to pay the price.

"They say they cannot conduct their business on the type of half-promises received about an eventual lowering of interest rates in the economy and that, faced with a growing shortage of funds and stronger than ever demand for loans, action is imperative."

The societies are not impressed with the Government's handling of the affair. They regard Mrs. Thatcher's efforts to dissuade them from raising interest rates, by using their "very substantial reserves," as a hasty and ill-conceived attempt to prevent something made necessary by her own Government's policy decisions.

Above all, they find it hard to believe that at least some Ministers had apparently not thought through the consequences of their strategy on the mortgage market and even begun to appreciate that higher building society rates would be regarded as essential.

For the Government, a building society decision to raise interest rates beyond a level never before contemplated will represent an early and major embarrassment, although it will hardly wipe out the benefits of Sir Geoffrey Howe's first budget, as those Ministers who were appalled at the prospect of record mortgage rates were last week suggesting.

An increase of one percentage point in mortgage rate would, in fact, raise borrowers' overall debt payments, after tax relief, by £240m in a year, compared with the £400m in extra allowances coming in this month in the wake of the budget. The millions of non-owner occupiers would naturally escape altogether.

Any move will, however, prove extremely unpopular with supporters of a party dedicated to the idea, and continuing spread, of home ownership and

it is not surprising that the Government's non-interventionist stance was apparently at one stage on the verge of being overturned on this particular issue.

So with the Government braced for a nasty shock to its system just two months after taking office, the societies have been left alone to make their own decision.

The outcome, as they have been making unofficially clear over the last few days, looks like being a mortgage rate of almost 13 per cent against the current 11½ per cent and the record 12½ per cent rate which lasted from October 1976 to April the following year. A little over 12 months ago, the home loan rate stood at just 8½ per cent, its lowest level since 1971.

There is still an outside chance of a compromise solution, possibly involving an increase in investors' rates not totally matched on the mortgage side, though such a plan will not be readily acceptable to the smaller societies. In any case there is a general feeling that the time for a bit of ordinary commercial logic has come.

The societies' case rests simply on their current inability to meet demand. Forecasts that the situation is unlikely to improve materially and what they see as their moral commitment to offer 20m investors a fair return on their money.

According to the societies, the increase in interest rates introduced last November did not fully restore their competitive position in the money markets but it was considered sufficient in the light of projections at the time that rates generally would fall.

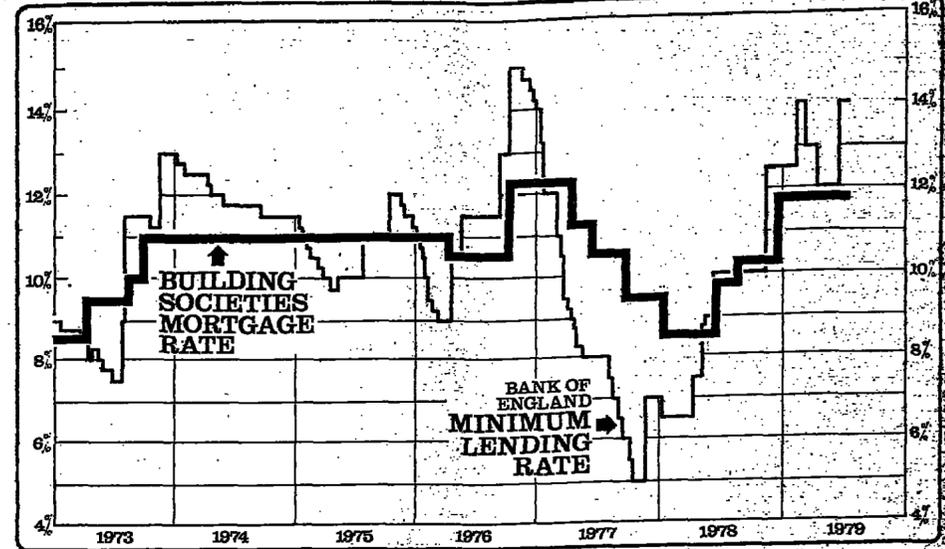
## Longer queues

With net monthly receipts running at roughly £300m a month, mortgage lending targets were set at around £700m monthly against nearly £300m earlier in 1978—a performance which they believed could be sustained without further reductions in the societies' liquid funds.

But the societies were only too well aware that mortgage queues were huge and getting longer and that they could easily have advanced £800m a month or even more given sufficient funds and freedom to lend what they could, neither of which they had experienced for a long time.

When MLR rose again in February, the societies appeared determined to ride out one further blow to investment receipts but by May some societies were beginning to realise that an increase in rates was likely to be necessary.

MLR was again on its way down but receipts were still short of the volume which they came with mortgage demand. There was already talk of passing on to investors any benefits arising out of the societies' new



composite tax rate, now being calculated by the Inland Revenue.

The tax is paid by societies on behalf of their investors—regarded by the clearing banks as an unfair competitive advantage because it is paid at a level below basic rate—and will be reduced this year in the wake of taxation cuts in the budget.

With the budget announcement of 2 per cent hike in MLR, all expectations of an adequate investment inflow and all talk of small increases in investors' rates ended abruptly.

The short-term effect of Sir Geoffrey Howe's measures was to leave the societies with a net inflow during June of around £120m against a figure of £308m in the previous month. It was the lowest monthly total recorded since January 1977. Over £70m was thought to have been taken out to finance pre-VA increase spending. At one stage in the month investors were taking out more money than was being deposited.

The MLR rise was quickly followed by other market rates and, to make matters worse for the societies, the cut in the basic rate of income tax reduced the gross value of their 8 per cent share rate to 11.43 per cent from 11.94 per cent. At the end of the day, the budget left the societies about 2½ per cent adrift of their principal competitors, such as the local authorities, an uncomfortably large gap which has in the past never been allowed to remain for very long. On the societies' own calculations, the industry as a whole stands to lose about £60m a month for each per-

centage point being offered below market rates.

The options facing them tomorrow are clear. They can bow to Government pressure (Ministers are anxious to emphasise that a friendly mortgage chat does not constitute intervention) by leaving rates alone, with perhaps a minor rise in investors' rates in anticipation of the composite rate cut. This, however, would result in a substantial cut in mortgage advances, possibly to around £500m a month from the current £700m level.

Any higher advance programme would, without interest rate changes, necessitate a reduction in liquid funds and the societies believe that there is little room left to lower the current 17½ per cent average figure, which represents about £7.4bn (or almost one year's total lending).

They firmly reject Mrs. Thatcher's suggestions that the answer to what she saw as a short-term problem could be overcome with recourse to these funds (the Prime Minister referred to the societies' reserves but in the absence of further clarification is assumed to have been talking about liquidity). The societies point out that they have existing mortgage commitments of nearly £2bn, and that the liquidity ratio can be expected to fall to 16½ per cent within the next three months, an uncomfortably low level for an industry more used to a figure in excess of 20 per cent and which regards such a ratio as sound financial strategy.

But with reserves—as distinct from liquid funds—estimated at over £1.5bn, the societies can be expected to be accused of excessive caution, even greed, if they decide interest rates must rise immediately.

A decision to raise rates will this time centre on what mortgage rate is acceptable. The societies are particularly aware that in introducing a home loan rate in the region of 13 per cent many existing home owners will be badly hit, particularly those who took out mortgages at 8½ per cent just over one year ago. They do not believe, in the light of past experience, that a record mortgage rate will have a significant effect on demand for new loans, though home ownership will clearly become impossible for some who were planning it.

Although the sums show that the investors' rate should go to 9.75 per cent from the current 8 per cent if the societies' modestly successful pre-budget position is to be restored—implying a mortgage rate of 14 per cent—it is commonly accepted that 13 per cent represents the upper limit of acceptability.

## Extension option

The societies emphasise that most borrowers will be able to extend repayment periods rather than face higher monthly commitments, although the number eligible is falling with the growing number of fixed-repayment endowment loans now being arranged.

But the societies tend, as always, to deflect the debate away from talk of the "growing burden" placed on the back

of home owners—even 13 per cent after tax relief would be cheap, they say—and remain the critics that building society investors are entitled to a better deal than the one they have been receiving.

If rates do rise tomorrow, anyone expecting the announcement to be accompanied by a pledge that the record levels will be short lived may be in for a disappointment. The societies will be anxious to see competitors rates fall back below theirs, so that a strong flow of funds will help restore liquidity and support a larger lending programme, before they consider cutting their own rates.

They seem unlikely to respond to cuts in MLR and other competitive rates until net monthly receipts have returned to over £400m a month.

For the societies, this year will be a disappointing one; they expect to lend about £3bn against £3.7bn in 1978, with the number of actual loans arranged falling to about 802,000 from last year's peak of 802,000. But at least they are talking in terms of their best ever year in 1980, with high hopes that both the volume of new money coming in and mortgage lending will break all records.

An upwards adjustment now in interest rates should provide them with a sound basis on which to proceed, although the events of the past few days must reopen the question of whether or not such a powerful group of financial intermediaries should expect to enjoy a comparative freedom from government regulation which has become deeply treasured and jealously guarded.

# MEN AND MATTERS

## A Friday 13th like any other

As Britain's home-owners (as they are euphemistically called) face up to the near-certain introduction of the highest mortgage interest rate in history, only the few oldesters on a fixed rate can look forward to tomorrow with equanimity; or so it might be thought.

In fact, the expected announcement by the Building Societies Association will be greeted with smiling indifference by the staff of the building societies themselves. The Halifax tersely declined to say anything about its internal rate: "We consider it a matter between our staff and ourselves." But the BSA itself tells me the societies are charging between 4 and 5 per cent, mostly at a fixed rate.

Also safe as houses are the staff of insurance companies and banks. The Big Four all maintain an unswerving silence about just how much they are lending staff, but it needs no Sherlock Holmes to deduce that it is a large and increasing sum. Many bank employees—those borrowing money before December 1975—are paying a mere 2½ per cent, which is fixed. Those borrowing now are paying 5 per cent, also fixed.

"The essential feature," a Nat-West spokesman told me, "is to facilitate mobility of staff in serving our operational needs. The hint of nervousness in his voice suggests that he too has heard that the Government wants to clamp down on perks. With a general mortgage rate of possibly 13 per cent, a 5 per cent loan begins to look like one of the best perks going.

## Tiny difference

There has been some very fine arithmetic inside Cheapside House. After acquiring SUITS, Lornho has been moving ever closer to the point where it will have 30 per cent of the House of Fraser. Managing director,



Tiny Rowlands must then make a bid under the takeover rules.

But Lornho is not quite ready for that moment. The situation gives particular interest to a statement put out yesterday by House of Fraser, saying it had been advised that on July 6 Lornho increased its holding to 37,380,000 shares.

That amounts to 29,976,396 per cent; or to put it another way, if Lornho acquires a further 2,942 shares, it will go over the top.

## Ali's footsteps

The financial plum of staging a match to find a successor to Muhammad Ali has been snatched by a South African hotelier, Sol Kerzner. He admitted yesterday that he was investing "well over R1m" (£530,000) to set Gerrie Coetzee, a former dental mechanic, against black American Big John Tate for the World Boxing Association heavyweight title.

"But our objective is not motivated by profit," proclaimed Kerzner. "Our purpose is to attract tourism and to promote South Africa." The fight will be

dragged on so humiliating a manner.

On October 20 in a Pretoria rugby stadium, and at the U.S. end of the axis is Bob Arum of Top Rank. He has already sold rights to one of the three big American TV networks.

For all Kerzner's declaration of high-mindedness, he is hoping to sell 85,000 tickets at an average of more than £18 a time. This will cover his investment several times over.

So everything seems to be in the bag. All we have to wait for is a comment from Ali on the quality of the fighters and the setting for their encounter.

## Fun in the sun

The Treasury's investigation of business people could lead to tighter tax rules about "conventions in the sun"; if so, cries of anguish may be expected from those palm-fringed shores where executives now combine lectures with leisure. A U.S. law which since 1977 has disallowed tax deductions for such gatherings has been painfully affecting Bermuda, where tourist revenues are 44 per cent of gross domestic product.

"We know we have lost close on 100 conventions because of the law," says Colin Selley, director of the island's tourism department. Next week, he and Tourism Minister Jim Woolridge will be going to Washington to lobby against the law.

They will also be attending a Senate finance sub-committee hearing, on a bill being put forward by Barry Goldwater. This would repeal the 1977 law. The U.S. drive to keep the revenue from conventions at home has annoyed the companies as much as favoured venues such as Bermuda, the Bahamas and the British Virgin Islands.

A particular irritant is the rule that foreign hosts must sign vouchers to prove that the businessmen attend every lecture, rather than just jollifying idly on the sand. How fortunate that our executives would never need have to be

## T for two

Chrysler Europe's—alias Talbot's—new symbol has a familiar look to the staff of Tata Ltd, one of India's biggest and best-known companies, with offices in London's Grosvenor Square. The Talbot symbol, of a "T" within a circle bears a striking resemblance to Tata's "T," also enclosed in a circle. It adorns, among other things, Tata trucks.

"If they were putting it on a button it wouldn't matter at all," I was told by Tata's deputy managing director in London, William Hayes. "We'll be drawing the matter to the attention of our people in Bombay."

## Slow burn

There is a smouldering irritation in Cuba about the abrupt closure of the free market in cigars. One-third of the 150,000 acres under leaf has been ravaged by a disease known as Blue Blight, and Fidel Castro has introduced emergency measures.

In exchange for ration book tokens, smokers (but not women smokers) are being allowed a mere four cigars a month. Perhaps to soothe the nerves of deprived smokers, these cost only 7p each, one-eighth of the normal price.

Readers have no immediate cause for alarm, however. While tobacco workers suffer withdrawal symptoms amid plenty, the export market, along with diplomatic missions and long-haul fishermen will be kept supplied as before.

## To coin a phrase

Advertisement in an Essex newspaper: "Middle-aged man, 20 years a taxi-driver, needs change."

## THE NEW FORCE IN FREIGHTING

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هكمان النحل

# Unions need equality before the Law

JUST AS war is too important to be left to generals, union law is too important to be left to lawyers and industrial relations experts. Imponderable opinion polls have shown that the great majority of people, including union members, believe that the unions have too much power. But it is much easier to agree on this than to analyse exactly what is excessive about that power and where that power is derived.

It was for precisely this reason that at the outset of industrial troubles last winter, I took the Royal Commission which would look into the economic aspects of union power. It is the easy to assume that any legislation which is anti-union in the sense that the TUC opposes it — is automatically beneficial. Just as it is for those on the other side of the fence to reply with charges of "extremism" and "confrontation".

**Disquieting**  
Some of the proposals in the Government's Working Paper are desirable, some dubious and some unimportant. But I fear that because they are in the Industrial Relations — or "IR" — tradition, and not based on economic analysis, they will not go to the roots of the problem. Worse than that, the language of the Working Paper underwrites some of the major disquieting features of the collective bargaining system, and legislation based on it, unless very carefully framed, does not mean that I would rush in immediately with more hawkish proposals. If fundamental reforms are not politically practical, it might be better to wait until they are.

From a non-IR point of view, the root of the problem is that of monopoly power, and

monopoly is harmful, whether exercised by private enterprise barons in top hats, oil sheikhs in flowing robes, or union leaders in neat grey suits. The basic evil of monopoly is its power to exclude non-conformists, whether it is IATA putting pressure on airlines who want to cut "official" fares, or union leaders depriving of a livelihood a worker willing to work on non-union terms.

The economic costs of entrenched monopoly groups are great enough. But the cost in human terms is very much greater. Union monopolies interfere with the right of human beings to sell their labour on terms of their own choice. This is the primary evil. It would still be there even if all unions were led by "moderates" and all shop-stewards were regular attenders at Conservative garden parties.

From this primary evil, others of a more directly economic nature arise. These include restrictive practices, the pricing of workers out of employment and the pressures that the resultant unemployment imposes on Governments to attempt, with less and less success, to alleviate the joblessness with inflationary financial policies.

If it really were true that the present collective bargaining system was responsible for the great increase in workers' living standards in the past century, then this important benefit would have to be weighed against the other evils. Unions are indeed valuable as a means by which thousands of employees in large, anonymous concerns can express a view on their treatment and conditions of work. The main forces raising real wages have, however, not been union wage bargaining but technological improvement and the competition of employers for workers.

It would be idle to deny that

## SOURCES OF INCOME

INCOME FROM EMPLOYMENT, SELF-EMPLOYMENT, INVESTMENT AND TRANSFERS AS SHARE OF TOTAL				
Income group	Employment	Self-employment	Investment	Transfers
Top 1 per cent	51.6	26.5	20.5	1.4
2-5 "	79.7	9.6	8.4	2.3
6-10 "	88.1	4.7	4.6	2.6
Top 10 "	76.8	11.4	9.6	2.2
11-20 "	89.1	3.8	3.0	3.6
21-30 "	88.5	3.6	3.0	4.6
31-40 "	85.0	3.3	3.3	7.4
41-50 "	80.5	5.4	4.4	10.7
51-60 "	74.6	5.6	3.4	16.4
61-70 "	65.6	5.3	2.6	25.5
71-80 "	58.7	4.7	2.2	33.4
81-90 "	54.6	4.1	2.6	38.7
91-100 "	58.8	3.2	1.5	36.5
Total	78.7	6.2	4.9	10.2

Source: Royal Commission on Distribution of Income and Wealth, Report No. 7

collective bargaining based on the strike threat can increase the real wages of those who remain employed in a particular industry. But the gains are achieved at the expense of other workers, including other trade unionists, or those priced out of work. This must be so when investment income (including interest on Government securities) accounts for scarcely 5 per cent of personal income before tax and when there is very little left to squeeze from the capitalist class.

But even if that percentage were larger, or if the 5 per cent were itself found morally repulsive, then it would still be untrue that a direct attack on the remaining return to capital would benefit workers en masse. An economically literate Marxist would argue for the transfer of ownership assets to collective ownership. A more individualist radical would want a more widespread distribution of investment income (for instance through a People's North Sea Equity). But neither could deny that simply raising real wages

at the expense of profits would simply increase the unemployment totals.

If we are to seek the source of coercive union monopoly power, we might do well to start from the analogy of enterprise monopoly. The usual statistics of industrial concentration are a bad measure of monopoly power. An industry can be highly competitive, even if two or three producers account for most of the sales, provided that barriers to new entry are low.

There is thus nothing inherently monopolistic in a collective agreement between an employer and union bargainers. Even a closed shop confined to a single non-monopoly firm would do no great harm if there were plenty of other opportunities for workers preferring to work on different terms. The closed shop is in practice coercive because it is usually union policy to attempt to enforce it in entire industries; and to pillory as "scabs" individuals willing to work for their market wage, if

that is below (or sometimes above) the union rate.

There is a statement on Page One of Mr. Prior's Working Paper that "employers and unions have long had practical reasons for entering such (closed shop) agreements." This is a non-argument. It has been known since Adam Smith that employers often find agreements in restraint of trade desirable. Nor is it sufficient that closed shops should have the whole-hearted consent of the workers concerned. Workers in a particular industry may rationally give their wholehearted consent to attempts to raise their wages by keeping out new people and new methods; even though when such attempts are repeated throughout the economy everyone is worse off.

All that the Working Paper proposes is that workers employed before a closed shop agreement come into force or "those with deeply-held convictions" should be compensated against dismissal. The possibility of preventing dismissal is not even discussed.

The Working Paper, indeed, speaks of a statutory code giving "practical advice, based on best current practice, on introducing and applying closed shops." It may not be practical to ban immediately the closed shop — as it is banned in many other countries. But at least Mr. Prior might be prevented from specifically sanctioning what he cannot stop.

The Secretary of State's second proposal, for State finance for union elections and strike ballots, may seem on the other hand the merest common sense. But on reflection, doubts arise. If unions have many monopolistic features and are judged by Labour as well as Conservative voters as being too powerful, why should they be subsidised from public funds? The pragmatic argument for doing so depends on the belief that the evils of union power arise from a few extremists who could be outvoted. But they may just as well arise from the rational exercise of monopoly power by "militant moderates."

If the arguments on union-backed finance are evenly balanced, they are overwhelmingly against another proposal — not in the Working Paper but still on the agenda — to make unions responsible for financing strikes through their own funds. It is really in the public interest to build up unions' financial strength — like building up armaments in the international arena — so that different groups of workers can fight industrial battles? Of course the State should neither finance strikes nor let strikers' families starve. But the best way out is to treat social security pay for strikers' families as a loan to be recovered via higher PAYE deductions on return to work. This would avoid the absurdity of trying to cope with

union power by trying to build up union funds.

The picketing proposals also compel the non-lawyer to ask a few very simple questions. Picketing is defined in the 1974 Trade Union Act as "attending" for the purpose only of peacefully obtaining or communicating information, or peacefully persuading any person to work, or abstain from working.

Another reference is to the "increasing use of intimidation," which of course is light years removed from the innocent definition of picketing. It proposes a reserve power for the Secretary of State to draw up a code "covering all aspects of picketing," but only if attempts at "comprehensive and effective voluntary guidance" were to fail. There is a case for rules and conventions covering the grey area between peaceful conversation and throwing bricks; but such rules are as important for so-called primary picketing as for secondary picketing, boycotts or blacking.

It is not necessarily a good idea to challenge the unions on all fronts at once, especially if some of the challenges are for a dubious cause. Mrs. Thatcher's frequently reiterated statement that the Government will not print money to protect workers or enterprises from wage increases, they cannot afford to challenge enough. So is the limiting of state aid to lame duck industries, on however gradual and cautious a basis. It would be sufficient achievement if the Government would persevere with these policies (which have often been announced before — by Mr. Healey as well as Mr. Heath — but never followed through) while ensuring that the full resources of civilisation under the existing law are used against intimidation, wherever it occurs; and if the Government for once were found with sufficient contingency plans to keep essential supplies flowing in industrial emergencies. A battle over Industrial Relations law would be best postponed until the other challenges have been carried through and we have a much better idea what exactly it is that we want union law reform to achieve.

**Face value**  
Taken at its face value this right of peaceful persuasion belongs to every citizen. Its exercise might, in the absence of special legislative safeguards, involve trespass; but even this would not occur if picketers were outside rather than inside places of work.

The cat is let out of the bag by the reference in the working paper to actions for "picketing-induced" breaches of contract. How far it ought to be actionable for someone to persuade other people to break contracts, as distinct from breaking them himself, is a civil law question on which I do not want to leap in with an instant view. But whatever the law is, it ought to be the same for trade unionists as for everyone else.

This brings me to the heart of the matter. It is equally authoritarian and harmful to try to "bash the unions" as it is to give them special privileges. The ideal ought to be that trade unionists and their leaders should be subject to the same common and statute law (including that governing monopolies and restrictive practices) as every other citizen.

The working paper refers to the Government's "review of the existing law on trade union immunities" — immunities which were granted in entirely different historical circumstances.

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Samuel Brittan

## Local authority funds

From Mr. R. Nottage  
Sir—The Government, like its predecessor, seeks to limit its grants to local authorities. As a result of a series of cuts in the air, and in the months ahead the media will have many a field day publicising hardships and misfortunes that must stem from expenditure cuts on education and social and other services which local authorities provide for the good of the community or to individuals in need.

While all this turmoil racks our emotions and takes a heavy toll of the Government's popularity, the taxpayer will continue to build up the already substantial and never-to-be-needed local authority pension funds at a spanking pace.

In 1976 those funds took in £700m to meet pensions that year of only £200m — according to Treasury evidence to the Wilson Committee. By March 1977 they had assets worth over £37n. They will have forged further ahead since then.

If the Government, with Parliament's approval, were now to require the local authorities to contribute to these funds and at the same time gave the authorities an undertaking to meet any revenue deficit the funds might encounter at a future date, the Exchequer could be saved best part of £500m a year forthwith — and with no political pain or grief whatever.

The employees covered by the local government superannuation scheme would suffer no financial risk or loss. Indeed, some might well be less liable to redundancy than they are at present. In case this course of action should be thought unwise, may I recall that the Government Actuary told the Wilson Committee that there seems no compelling reason why the local government schemes should be funded. That it is funded arises mainly from reasons of history.

The local authorities' pension funds do not, in fact, cover all local government employees. Teachers, firemen and police men have no such funds to support their pensions. Neither do NHS employees, civil servants and members of the armed forces. As their present funds would continue in existence, local government officers would be at an advantage over all other public servants. They would merely sustain an imperceptible reduction in the excessive degree of security to which extravagant Governments have hitherto subjected them.

Raymond Nottage  
Reform Club,  
Folliott, SW1

## Outlook for pensions

From Mr. M. Brackenbury  
Sir—I have been very disappointed in recent weeks by the failure of Conservative Members of Parliament to detect the mathematical fallacy in linking pensions to the higher of the rise in earnings or prices, and thus to silence their complaints in the House of Commons once and for all.

The last Government figures for industrial average earnings were £35.50 in October 1975.

## Letters to the Editor

Taking a rather optimistic guess of £90 for the figure when the new pension rate for a married couple comes into effect, it is possible to construct the following table based on the unlikely but not impossible situation that prices rise by 20 per cent and earnings by 10 per cent in one year, and that earnings catch up and prices do not rise in the following year. This produces the following figures:

Year	Increase in Earnings	Increase in Prices	Ind. Average Earnings £	OAP (Couple)
1979	0%	0%	90.00	37.30
1980	0%	20%	90.00	44.76
1981	20%	0%	108	53.71
1982	0%	20%	108	64.45
1983	20%	0%	129.60	77.35
1984	0%	20%	131.52	92.81
1985	20%	0%	157.82	111.37
1986	0%	20%	158.52	133.68
1987	20%	0%	188.62	160.38
1988	0%	20%	188.62	192.48

Clearly, I have taken a very extreme example in order to save expensive pink paper. The point, however, which any mathematician will immediately see is that in every year when the rise in prices exceeds the rise in earnings the old age pension will draw nearer to the industrial average, and in the other years it will never lose ground. This, assuming that the figures continue to fluctuate from one to the other, which is the assumption inherent in the Labour Party's ill-advised pledge, the day must come sooner or later when the old age pension for a married couple exceeds average industrial earnings, and therefore the workers of this country would be desperately trying to keep the ever increasing proportion of retired citizens at a higher standard of living than their own.

No doubt when the Left Wing have achieved this first step to "Utopia," their next demand will be the reduction of retirement age to 21!

Mark Brackenbury,  
Seymour, Thomas Clarke & Co.,  
Saffron House,  
London Wall, EC2

## Highly favoured smokers

From Mr. D. Townsend  
Sir—In the run-up to the Budget, it was speculated that duties calculated by reference to quantity, such as apply to tobacco and spirits, might be phased out and replaced completely by ad valorem Duties which would vary directly with the basic price of the product.

It is difficult to argue objectively against such a modification. Such a move would simply bring Duties into line with VAT, and, of course, ensure that the retail price of dutiable commodities rose pro-rata with the basic price, as happens with goods and services which are subject to VAT alone. Over the past decade or so the quantity-based Duty on tobacco, spirits, etc. has not been increased in line with underlying costs, and therefore such items have become relatively cheaper (and yielded less revenue for the Exchequer) than the normal run of goods and services.

For example, under the current rather byzantine mixture of specific (quantitative) Duty, ad valorem Duty and VAT which applies to cigarettes, a 20 per cent increase in the basic retail price would result in a total retail price increase (after Duty and VAT) of only 9.8 per cent. Contrast this with other every-

## Letters to the Editor

day requirements, toilet soap for example, where the full 20 per cent increase would flow through to the consumer via VAT.

In view of the preoccupation with income tax and VAT, it was not very surprising that the Budget did not in the event contain proposals for correcting this anomaly. What is surprising — not to say incredible — is

either the problem or the solution. The problems are threefold. There is the breakdown of basic postal and telephone networks usually due to industrial action of one kind or another. There is the use of monopoly to hamper or frustrate provision of any service and commodity from outsiders, even though the Post Office itself, such as an international facsimile bureau service. There is the use of monopoly to make ordinary users and subscribers, who have no alternative, pay, in the way of subsidies, for some expensive Post Office or minority service to make it competitive with that provided by outside suppliers such as couriers and two-way radio services.

Most European countries have a written constitution which protects freedom of information and its transmission on a public and personal basis. This measure usually gives the citizen right of redress against any misuse of the absolute monopoly of the post, telephone and telegraph. For instance, independent facsimile operators in France cannot now be stopped by the PTT as it would conflict with the constitution even though the British Post Office's overseas plans rely on an absolute PTT monopoly in each European country.

In the UK, when the Post Office Act was passed, the Conservatives endeavoured to have some protection for the public in giving Parliament rights to licence competitive activities. The Socialists, however, preferred to leave protection of the public in the hands of a powerful Quang called the Post Office Users National Council and Post Office managers themselves.

It would be much more salutary if the Secretary of Industry instead of issuing statements or threats were to immediately lay before the House legislation which would give Parliament the final say on licensing any competitive activity. These powers could then be used whenever any of the aforementioned misuses of monopoly take place. The basic principle of a monopoly postal and telephone trunk network is not in question as far as I know.

J. O. Stanley,  
176-184, Vauxhall Bridge Road,  
SW1

## The buzz in Portugal

From Mr. J. Sturdy-Morton  
Sir—While on holiday in Portugal, I noticed that there too Buzby (the bird for whom there is no closed season) is used to advertise the national telephones. Can we hope that Buzby is emigrating, or was it a simple case of migration?

Julian Sturdy-Morton,  
69, Dawes Road, SW6

## Post Office monopoly

From the Chairman,  
Air Call

## Productivity in coal

From Mr. D. Brewer  
Sir—Mr. A. Holland's comment (July 5) that the productivity of British miners does not remotely approach that of other countries is manifestly untrue. It is higher than in countries with such diverse economies as France, Belgium, Spain, Japan, the USSR, Poland, Czechoslovakia, China, India and South Africa.

There are only three major deep-mined coal industries with higher productivities. The U.S. and Australia have much better records because their geological conditions are vastly superior. West Germany has marginally higher productivity because the geological conditions are slightly better. In the East Midlands, the performance matches that in West Germany.

Mr. Holland implies that British miners should be paid according to their productivity. In that case, compared with West Germany, the NUM's recently formulated claim is inadequate! On this basis, a face-worker in Nottinghamshire should be paid £10,000 a year!

It is true that productivity in Britain rests on a plateau. That is also true in practically every major deep-mined coal industry. In the U.S. underground productivity has declined by about 30 per cent over the last few years because of stricter safety regulations. During that time safety standards in U.S. mines have improved in comparison to Britain from non-existent to rudimentary.

Nevertheless, there is a case to answer. Let us consider a few facts. A British mine of average age was sunk in Victorian times. In an extractive industry such capacity cannot support continually increasing outputs or even maintain present output. As each year passes, the immediately available reserves become deeper, thinner, more geologically disturbed of poorer quality and further from the pit-bottom.

It is overwhelmingly apparent that the solution is new sinkings to develop the enormous reserves recently discovered outside existing mining areas and not some absurd re-organisation plan.

D. Brewer,  
1 Harewood Road,  
Holymoorside,  
Chesterfield,  
Derbyshire

## Private cable companies

From Messrs. G. Baker,  
D. Woolmer and A. Watson  
Sir—There has been publicity recently regarding the cessation of private cable companies' licences in 1981. The licences permit competition in an area where speed and efficiency count. Although private cable companies will continue to provide other telecommunications services after 1981 — some of which are more profitable than telegrams — the Post Office will have sole right to accept or deliver telegrams in this country.

The Post Office claim is that in view of its financial losses, it should close its competition, thus helping it to lose less money. What other industry can

**GENERAL**  
UK: Mr. Kurt Waldheim, UN secretary-general, meets the Prime Minister.  
Government, NCB and NUM meet to discuss increased grants for coal industry.  
Mr. Martin Trowbridge, Chemical Industries Association director general, leads delegation meeting MPs to express concern over energy supplies.  
Transport and General Workers Union conference continues, Scarborough.  
National Union of Mine-workers executive meets.

**Today's Events**  
Overseas: Bundesbank Council meets in Frankfurt.  
Seven tin producing nations meet in Jakarta to discuss next tin agreement.  
Ex-President Nixon meets deposed Shah of Iran in Mexico.  
Food and Agriculture Organisation world conference on agrarian reform and rural development, Rome.  
PARLIAMENTARY BUSINESS  
House of Commons: Education Bill, remaining stages.  
House of Lords: Pensioners' Bill, all stages. Social Security Revaluation of Earnings Factors Order. Army, Air Force and Naval Discipline Acts continuation Order. Debate on the 16th report of the EEC on textile and clothing industry. Short debate on Home Office circular on juveniles and co-operation between police and other agencies.

**COMPANY RESULTS AND MEETINGS**  
See Company News on Page 27.

# PROPERTY

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UK COMPANY NEWS

Bulmer slips to £2.52m but forecasts improvement

AS FORECAST the taxable profits of H. P. Bulmer Holdings, the cider group, slipped back in the year to April 27, 1979. The surplus declined from £2.72m to £2.52m on sales ahead from £36.66m to £40.39m, but the group is looking for an improvement this year.

The pre-tax profit was struck after increased interest charges of £1.11m, against £779,000, and the directors also stress that the second half of last year benefited from an exceptional gain of £1.27m from an increase in returnable container deposits.

They add that when the exceptional items are stripped out profits improved by £793,000, and that the quality of earnings significantly improved during the year.

In addition Price Commission action last year prevented the recovery of £1.5m of unavoidable price increases. There should be the abolition of the Commission be a long over due improvement in margins this year, add the directors.

But the Board says the company has started the current year encouragingly and it anticipates a worthwhile profits improvement. Cider volumes in the first two months are up on the same period last year. However the directors say that it is too early to judge the effects on this year's results of the Budget which put about 2p a pint on cider and the increased interest charges and fuel costs.

The Board adds that capital spending this year will be £3.4m, compared with £2.5m in the year under review.

At midway when the taxable surplus was up from £1.5m to £1.92m the directors warned that year-end taxable profits were unlikely to exceed those of the previous year. They pointed out that the group benefited from an exceptional credit in the second half of 1977-78.

The directors now point out that net borrowings rose by £2.6m to £7.5m, mainly to fund increases in working capital. The main reason for the increase in stocks was the large purchase of apples.

However, the company remains in a strong financial position with group net borrowings at April this year only a third of shareholders' funds totalling £22.6m.

Net borrowings are expected to rise another £1.5m to £9m at the end of this financial year, but will remain well within the group's available facilities.

Last year the company prepaid all outstanding instalments on medium-term loans totalling £1.1m at April 1978.

Trading profit was £1.1m ahead at £3.9m. While all trading activities showed



Mr. Peter Prior, chairman of H. P. Bulmer.

improved results the recovery in group trading profit was mainly attributable to the £1m increase in the cider and pectin trading profits.

At the half way stage cider sales volume was 3 per cent below that of the first half of the previous year. While there was some recovery over the Christmas period, the severe winter offset this improvement, and cider sales volume fell short of that for the previous year by a similar percentage.

	1978	1979
Sales (incl excise duty and VAT)	40,385	36,660
Cider & pectin	38,622	36,660
Wines & spirits	1,557	1,052
Trading profit	3,320	2,787
Cider & pectin	3,683	2,650
Wines & spirits	147	140
Property	80	7
Interest payable	1,105	779
To minority	4	4
Profit before taxation	2,811	2,616
Exceptional items	192	800
Employment dev.	104	100
Profit sharing	2,515	2,718
Profit before tax	384	388
Tax	2,151	2,330
Profit after tax	25	6
Exchange gains	100	185
Extraord. credit	2,277	2,240
Attributable	128	87
Ordinary divs.	780	677
Retained	1,358	1,468

Against this disappointing performance, the significant recovery in trading profits reflects the success achieved in improving operating efficiency and holding costs down.

The acute raw material supply problems which affected the pectin activity in 1977-78 were successfully overcome during the second half of 1978-79, and an improved contribution was achieved for the year as a whole.

Tax for the period takes £364,000, against £398,000, and stated earnings per 25p share are down from 21.88p to 19.6p.

The final dividend of 2.70p

net lifts the total from 6.6p to 7.65p.

**comment**  
The figures from H. P. Bulmer look unexciting, but there have been some important underlying improvements in the group's position. Thus despite the effects of a dismal winter, which led to a decline in cider volume, profits improved usefully last year after allowance for the exceptional credits from higher bottle charges which boosted the figures for 1977-78.

Moreover, Bulmer's storage facilities are fully stocked with apple juice after the bumper apple harvest, and this secures the group's raw material supplies, and stabilises costs, for up to two years ahead.

Another crucial development came last month with the implementation of price rises of around 8 per cent, timed to coincide with the VAT rises, as the group shook itself free from the shackles of the Price Commission which is said to have cost Bulmer £1.5m through its intervention last year.

The latest price rises are worth about £2.5m to revenue in a full year, and volume has been firm in May and June (though this could be deceptive because of stocking up by the trade). At 176p the yield is 6.4 per cent covered well over twice, and the shares look solidly placed at this level.

**SHARE STAKES**  
Greenbank Industrial Holdings — J. E. Williams has disposed of 23,500 shares. His holding now stands at 1,804,852 shares (7.16 per cent).

Gestetner — USF nominees have purchased a further 10,000 ordinary, increasing their holding to 32.5 per cent.

Hollas up over 22% to £1.54m

ASSISTED BY its re-equipment programme which has already resulted in higher profitability due to greater efficiency, Hollas Group expanded taxable profits by 23.8 per cent from £1,357,462 to a record £1,541,470 for the year ended March 31, 1979, on turnover up by £2.26m to £21.63m.

When reporting midway profits ahead of £560,502 (£459,078), the directors said that with order books strong, they were certain growth would be maintained and a continuing improvement in profitability at the year-end was anticipated.

They now look forward to a further period of expansion with great optimism. Current order books in all divisions are strong and they are confident of an improved performance in the current year.

Earnings per 5p share rose from 10.38p to 11.1p for the year, while a net final dividend of 4.25p makes a total payment of 5.23p against 4.54p.

Tax charge was £657,055 (£428,168) and there was an extraordinary debit last time of £183,454. Retained surplus emerged up from £272,359 to £487,879.

Principal group activities are processing and merchandising of yarns and fibres, manufacturing of woven labels and decorative ribbons, importation and distribution of made-up garments.

**comment**  
On a day when the share prices of most major textile groups were languishing around their lowest point of the year, the Hollas Group prices up to a 1979 high of 74p. A 22 per cent rise in second half profits and a very optimistic chairman's forecast were the factors immediately behind the increase, but more fundamentally, the group is deriving a further strength of sterling. Around 50 per cent of profits are generated by imports, while exports are

modest—a very different picture from that of the industry majors. The company says margins are not very sensitive to foreign exchange movements, since much of the change is passed on to customers, and points to increased efficiency as the mainstay of improvement. Certainly the Fortwell importing division has become more profitable since reorganisation a few years ago and losses of Bona Webb have been cut back after a poor record. The Worcester operations of Webb Interlinings are being closed and moved to Lancashire, which is expected to improve the situation further. With import quotas posing no problems, the stated p/e of 6.4 looks fully justified. The yield is 10.8 per cent.

E. Elliott rises to £291,914

PRE-TAX profits of E. Elliott, plastic moulder and optical goods manufacturer, were ahead from £246,555 to £291,914 for the year ended March 31, 1979, after rising to £104,000 at six months against £93,000.

Turnover for the full period rose from £4.7m to £5.6m. Profits were subject to a tax charge of £96,883 compared with £43,357 leaving a net profit lower at £195,031 (£203,198).

On a net basis earnings per 25p share are shown at 9.87p (9.77p) and 12.21p (9.77p) on a nil basis.

The dividend payout is increased from 2.15p to 3.5p net with a 2.6p final.

After taking into account a £65,338 surplus on property revaluation and release of a deferred tax provision no longer required, some £1.1m is to be carried forward on reserve account.

Daejan reaches £3.33m after £1.25m provision

AS ANTICIPATED at the interim stage, Daejan Holdings, property investment group, increased pre-tax surplus for the year ended March 31, 1979. Struck this time after an exceptional debit of £1.25m, profits went ahead from £2.47m to a record £3.33m.

In February, the directors warned that the buoyant sales conditions of the first half had not been repeated in the winter months. In the event, second-half taxable profits were down from £1.44m to £1.8m.

Total income for the year increased from £8.41m to £10.37m, before financing and other charges amounting to £5.78m (£5.94m). The exceptional item comprised a £1.5m provision for property outgoings less a £250,000 provision for property acquisition costs no longer required.

The directors say that in the light of continuing inflation and the higher rate of VAT, they have decided to increase the exceptional provision for property outgoings to bring up to date the group's programme of repairs and redecorations.

Tax takes £1.07m (£0.7m) and earnings per 25p share increased from 10.5p to 13.84p. A final

dividend of 2.0775p takes the net total from 2.9975p to 3.25p, costing £0.53m (£0.49m). Retained surplus emerged at £1.63m against £1.13m.

	1978-79	1977-78
Income	10,385	8,410
Finance charges	4,485	4,342
Less of group	218	218
Other income	5,782	5,538
Finance, other charges	4,581	2,474
Exceptional debit	1,250	—
Profit before tax	4,357	2,476
Tax	1,068	700
Minorities	8	13
Extraord. credit	24	61
To capital reserve	123	208
Available	2,157	1,613
Retained	1,827	1,125
Brought forward	2,785	1,660
Carried forward	4,412	2,785
Less property outgoings	1,162	—
Prises 1.5m provision for property outgoings less 250,000 provision for property acquisition costs no longer required.		

**increase for Moorgate Inv.**  
Revenue of Moorgate Investment Co. increased from £28,779 to £39,260 for the year ended May 31, 1979, subject to tax of £113,280, against £100,387.

From earnings of 4.85p (4.06p) the dividend total is raised from 3.82p to 4.74p net per 25p share, with a 2.95p final.

ISSUE NEWS  
Goodkind calls for £0.24m to cut bank borrowings

A £240,000 rights issue has been launched by textile group, W. Goodkind and Sons, where Mr. Stanley Woolfiff has recently bought a substantial equity stake and taken over the helm.

Goodkind's rights issue is on a one-for-one basis at 25p per share. In the market the shares closed 2p higher at 27p.

The directors say the proceeds will be used to reduce bank borrowings and create a stronger financial base for expansion, particularly the activities of the property dealing subsidiary.

Earlier this year Mr. Woolfiff, chairman of W. L. Pawson bought a 20 per cent stake in Goodkind at 18p a share. The shares were bought from family trusts, Mr. C. P. Fester and Mr. R. G. Henton also took equity stakes—under 4 per cent apiece—and have been elected to the Board.

In the last accounts, Mr. Woolfiff indicated that a rights issue was soon to be announced. The consolidated balance sheet last December 31 showed net shareholders' funds, excluding goodwill, of under £30,000 while borrowings stood in excess of £77,000.

All six directors have undertaken to take up their rights of 368,800 shares out of a total issue

of 1m. The balance has been underwritten by stockbrokers Henry Cooke, Lumsden.

WATER ISSUES OVERSUBSCRIBED

The two latest water issues have both closed oversubscribed, Sunderland and South Shields Waterways £2m offer attracted application for £4.69m of stock. The lowest price to receive partial application was £100.21, and the average price was £100.2427.

Wrexham and East Denbighshire Water attracted applications for the £2m offer amounting to £7.7m. The lowest price to receive partial allotment was £100.21 and the average was £100.258.

In both cases dealings start on July 12. Brokers to the issues were Seymour Pierce and Co.

CES RIGHTS RESULT

The £4m rights issue by Combined English Stores has been taken up by shareholders in respect of 7,189,513 ordinary shares—equivalent to 89 per cent.

Christie-Tyler lifts profits by 133% to record £4.2m

A 133 per cent jump in profits is reported by Christie-Tyler, the upholstery and cabinet furniture maker, in the 53 weeks to April 30, 1979. The taxable surplus was hoisted from a depressed £1.31m in the previous 52 weeks to a record £4.22m on turnover up 44 per cent from £48m to £69m. The results reflect further progress in the second half.

The latest figures include a first-time contribution of £384,000 from Olympic Kitchens, since it was bought on October 17 last.

Stated earnings per 10p share have jumped from 8.9p to 23.3p while a final net dividend of 4.7p lifts the total payout from 4.79p to 6.8p.

At midway the taxable surplus was well up from £111,000 to £1.52m, but the directors were then wary of making a forecast because of the general industrial unrest which started in January.

The Board now says that the group has achieved an all-round increase in its total share of what continues to be a very competitive market.

In 1978-79 the group's profits climbed to the previous high of £3.19m, but in the following year the figure declined to £2.55m.

This year they are expected to add 15 to 20 per cent to capacity.

The group is "reasonably confident" demand will absorb this.

Downing had a 10 per cent price increase for its facing bricks in June and expects

HIGHLIGHTS

Lex looks at the puzzling disappearance of the rights issue queue, which looks to have melted away since the failure of the Thomas Tilling issue. Lex also looks at the annual report from Finance for Industry which appears to be benefiting from the buoyancy in the small companies sector, and makes some comment on the recovery and future of the investment dollar premium. Lex finally casts an eye over the foreign exchange markets where the Mark was very strong yesterday in anticipation of further measures to tighten German credit. Elsewhere, comments are made on H. P. Bulmer, G. H. Downing, Hollas and Christie-Tyler.

another of 4 to 5 per cent next month to cover extra fuel costs. The company is progressively switching to methane from the National Coal Board, where it gets assured supplies and a price advantage by being near the mines.

Tax for the period takes £1.98m (£505,883), following the Budget proposals on deferred tax. Net profit came out at £2.24m, against £559,330, and dividends absorb £625,396, compared with £461,810.

**comment**  
Yesterday's figures from Christie-Tyler were unexpected—the group had been holding its cards close to its chest throughout the winter—and the share price jumped 7p to 97p. Stripping out the first time contribution from Olympic

Kitchens, the rise in second-half pre-tax profits was 42 per cent. Volume sales rose by 26 per cent over the year, about double the sector average, and this was the primary reason for the improved margins—though sterling's rise helped timber import prices. Given these impressive figures, the stated p/e of around four looks inadequate but the group has a patchy profit record. Most of the labour force is on piece-work and volume is a high priority, but it has often been achieved at the expense of margins. With the sector threatened by a downturn in consumer spending, prospects are therefore uncertain. The yield is high at 10 per cent and dividend cover is over three times on a full tax charge, so the company could have been even more generous.

Downing advances to £1.93m after near-static second half

After a near-static second half G. H. Downing and Co. lifted taxable profits from £1.72m to £1.93m in the year ending March 31, 1979. At halfway the group raised the surplus from £678,000 to £850,000, and the directors then said they view the second half with reasonable confidence.

The Board now says the new plant at Chesterton is working towards full production, and extensions at the Keele tile works will be completed by September. These projects are expected to increase output of facing bricks and roofing tiles by more than 30 per cent in a full year.

The final net dividend of 5p raises the total from an equivalent 5.7932p to 7.75p.

Turnover for the year advanced from £12.74m to £14.24m. After tax of £198,000, against £304,000 credit, stated

earnings per 50p share are down from 33.5p to 28.8p. Last time there was an extraordinary credit of £118,000.

The group makes clay products, refractories, roadstone aggregates and is an electrical power engineer.

**comment**  
Dividend cover of 3.7 times at G. H. Downing may not seem overtly generous but a yield of 9.3 per cent at 124p, down 4p yesterday, looks fair enough and the group is still committed to a heavy capital spending programme. New plant is scheduled to come on stream in September to boost capacity by 15-20 per cent which would be worth some 30 per cent in a full financial year. Downing is confident that it can sell this additional building materials production which, together with the 10 per cent price increase in the middle of last month (the first rise for 14 years) forms the basis for the group's growth expectations this year. Profits from refractories, after partial recovery in 1978-79, are likely to flatten out this year and the electrical wholesaling division is again expected to be subdued. The Dutch subsidiary, worth about a fifth of total profits, accounts on a calendar basis and will thus bear the brunt of the appalling winter so it will be left to the UK facing bricks and roofing tiles, coupled with encouraging penetration of French and West German markets, to support a fully taxed p/e of 7.7. For comparison Gibbons Dudley sells at 5.5 times historic earnings and will presumably boost a yield of 6.5 per cent at the first opportunity.

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DIVIDENDS ANNOUNCED

	Current payment	Date	Corre. payment	Total of div. year	Total last year
Anglo-Amer. Secs. ... int.	1.2	Aug. 24	1	—	3.3
Ashley Ind. ....	1.3	Oct. 10	1.25	2.3	2
H. P. Bulmer .....	2.7	Sept. 10	2.2	7.66	6.6
Christie-Tyler .....	4.7	—	3.2	6.5	4.8
Daejan .....	2.08	Sept. 5	1.84	3.26	2.99
Danae Invest. ... 2nd int.	2	Aug. 24	1.75	3.5	3.1
G. H. Downing .....	5	Oct. 1	3.21*	7.75	5.79*
E. Elliott .....	2.5	—	1.5	3.5	2.15
Gen. Consl. Inv. ... int.	2	Aug. 6	1.3	4.25	4.25
Hollas .....	4.25	Oct. 1	3.56	5.23	4.54
J. Latham .....	5.75	—	4.59	3.7	7.54
Moorgate Inv. ....	2.99	Aug. 31	2.32	4.74	3.82
Textured Jersey .....	2	Oct. 1	0.5	3	1
S. W. Wood .....	2.8	Sept. 6	2.8	4.6	4.29

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Second interim of not less than 2.6p forecast.

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Handwritten scribble in a box at the top right.

Companies and Markets

UK COMPANY NEWS

Successful year for FFI: profits improve by £3.3m

Finance for Industry yesterday reported a successful year in supplying funds to small companies and in leasing equipment and ships. Its gross investment in all its activities rose by 49 per cent to £242m in the year to March 31 while its pre-tax profit rose from £22m to £25.3m.

In the demand for small company finance, though they do emphasise that ICFC has recently been marketing itself more systematically and energetically. As evidence of the current popularity of the concept of the small company they cite the increasing tendency for managers of existing large companies to "break away" with the aid of ICFC finance and develop one particular product or service.

Lord Seeböhm, the chairman of FFI, explained in his annual statement that, "ag the economic of size become less important and the complexities of managing a large public company increase, ICFC has an ever-growing role to play."

Textured Jersey trebles payment

SALES AND profitability at record levels and a trebled dividend are announced by Textured Jersey, knitted jersey fabric manufacturer, for the year ended April 30, 1979.

Profits before tax jumped from £276,000 to £673,000, on turnover of £3.81m (£7.52m) for the year. The midway surplus was 167 per cent higher at £294,000 on sales up £0.4m to £4.21m and the directors expected second-half results to improve on those then reported.

John James finishes year with best-ever £4.2m

AS FORESHADOWED, (taxable profits of John James Group of Companies came out at a record £4.2m for the year ended March 31, 1979, against a previous £3.36m.

This will complete an expansion programme which will have involved an investment of nearly £8m in just over three years, with a consequent doubling of mineral fibre production.

BOARD MEETINGS

Table listing board meetings for various companies including Corn Exchange Debenture Corporation, Imperial Group, Morgan Crucible, etc., with dates and locations.

J. Latham up £0.7m with better margins

A SHARP increase in second-half profitability helped James Latham, timber merchant, to push pre-tax profits for the year ended March 31, 1979, ahead from £961,000 to £1.65m, on turnover of £27.98m, against £25.54m.

Revenue up at Danae Trust - REVENUE of Danae Investment Trust for the year ended May 31, 1979, improved from £468,334 to £515,257 before tax of £167,578 against £162,232.

£0.46m profit by S. W. Wood

FOLLOWING THE recovery at mid-way from losses of £204,000 to a £154,000 profit, the S. W. Wood Group finished the year to March 31, 1979 with pre-tax profits of £456,605 compared with a £69,293 deficit previously.

Today's company meetings - Associated British Foods, Connaught Rooms, Great Queen Street, WC, 11. Atkins Brothers, The Old Cottages, Lower Bond Street, Hincley, 12, Avenue Close, Winchester House, 100 Old Broad Street, EC, 12. Control Securities, Winchester House, 100 Old Broad Street, EC, 12.

Tecalemit in strong position: still looking for acquisitions

SEVERAL POTENTIAL acquisitions were examined by Tecalemit, during 1978-79, and directors continue to seek profitable companies in engineering, service industries or companies using advanced technology and having a high added value, Mr. N. J. Bennett, chairman, tells shareholders.

over of £43.1m against £32.9m. CCA profit is reduced to £3.67m after adjustments for cost of sales, £590,000 and depreciation, £411,000.

Gen. Consl. improves in first half - Gross revenue of General Consolidated Investment Trust was ahead at £766,513 against £700,330, for the half year to June 30, 1979, and net earnings improved from £356,396 to £389,461.

Euston Centre advances

Taxable revenue of Euston Centre Properties for the year ended March 31, 1979, after being ahead from £1.24m to £1.32m at mid-way.

Optimistic at Energy Services - Results so far this year are very much according to plan, and I believe you will not be dissatisfied with the interim profits," Mr. Robin Rigby, chairman of Energy Services and Electronics told shareholders at the annual meeting.

Ashley Industrial moves ahead

On turnover up from £2.49m to £2.83m pre-tax profits of Ashley Industrial Trust, formerly Thames Plywood Manufacturers, finished the April 30, 1979, year ahead at £252,306 against £191,271.

R. Jenkins tumbles to £0.67m - Taxable profits of Robert Jenkins (Holdings) tumbled from £1.34m to £667,000 in the year to March 31, 1979. And the directors warn that these much-lower profits may not be equalled in the current year.

Berec sees recovery after first half fall

BOTH SALES and profits of Berec Group had been poor in the first quarter of the current year, Mr. Lawrence W. Orchard, the retiring chairman, told members at the AGM.

For the half year profits would show a decline compared with the previous year, he added. "However, we anticipate that by our year end we should be back on course with acceptable results for the full year's trading."

Mr. Orchard explained that in the UK, industrial action closed the Tanfield Lea and Newburn plants of Ever Ready (GB) for nearly eight weeks in March and April, with a consequent loss of production.

Ferguson Industrial says borrowings acceptable

Despite the acquisition policy at Ferguson Industrial Holdings, involving considerable cash sums, the proceeds from the sale of investments in Liner Concrete and Randalls Group offset these, and borrowings are within acceptable limits, Mr. D. S. Vernon, chairman, says in his annual report.

In the year ended February 28, 1979, pre-tax profits increased from £1.62m to £2.24m on sales of £56.52m, compared with £41.1m. CCA profit is reduced to £1.68m after £171,000 additional depreciation, £599,000 of sales and £211,000 gearing.

Every month...

...of last year.

Since April 1978, ICFC have helped start five new businesses a month.

In all, ICFC provided £68 million last year to small businesses. Currently, we are considering applications for more than £100 million. And there's plenty more where that came from.

ICFC logo and address: Industrial and Commercial Finance Corporation Limited, 91 Waterloo Road, London SE18XP. TEL: 01-928 7622.

**ECONOMIC ACTIVITY**—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume; retail sales value (1975=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemp. employed	Vacs.
1978							
1st qtr.	107.0	102.2	99	106.4	246.4	1,409	183
2nd qtr.	110.8	104.5	96	107.7	254.4	1,367	217
3rd qtr.	111.5	105.2	103	110.7	266.6	1,380	211
4th qtr.	110.0	102.6	111	111.7	273.0	1,340	223
1979							
1st qtr.	108.9	101.4	101	110.3	276.4	1,351	223
Jan.	103.4	97.4	94	109.6	273.1	1,339	223
Feb.	110.7	103.5	105	110.4	275.4	1,363	223
March	112.5	107.3	104	110.8	279.5	1,350	223
April	115.0	106.8		115.4	290.5	1,311	223
May				113.5	289.2	1,307	223
June						1,280	226

**OUTPUT**—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mfg.	Textile	Housg. starts
1978							
1st qtr.	106.2	98.6	116.3	99.9	96.6	98.0	17.8
2nd qtr.	108.0	98.1	122.4	99.8	107.3	101.2	27.2
3rd qtr.	108.0	99.7	123.2	100.7	101.2	103.6	25.8
4th qtr.	105.5	96.9	123.3	96.6	97.6	101.9	28.2
1979							
1st qtr.	104.0	98.2	125.6	98.3	97.1	99.3	12.8
Jan.	99.0	92.0	117.0	92.0	77.0	95.0	10.1
Feb.	104.0	100.0	129.0	100.0	102.0	109.0	12.7
March	108.0	103.0	130.0	103.0	113.0	103.0	15.6
April	108.0	103.0	131.0	103.0	109.0	101.0	18.0
May							19.2
June							18.7

**EXTERNAL TRADE**—Indices of export and import volume (1975=100); visible balance; current balance; oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US\$bn
1978							
1st qtr.	119.6	113.5	-590	-369	-620	105.7	20.62
2nd qtr.	122.2	109.7	-173	-208	-314	104.9	16.75
3rd qtr.	124.8	114.9	-367	-184	-501	106.1	16.85
4th qtr.	124.8	112.3	-39	-450	-480	106.9	15.77
1979							
1st qtr.	110.3	113.3	-1,181	-787	-237	107.7	16.78
Jan.	115.0	107.1	-126	+6	-62	107.4	16.26
Feb.	100.7	117.0	-766	-635	-78	108.1	16.82
March	117.3	115.7	-289	-158	-97	107.4	17.45
April	128.4	127.2	-327	-217	-114	108.9	21.47
May	133.6	127.8	-185	-75	-54	108.0	21.83
June							22.07

**FINANCIAL**—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS Inflow	HP Lending	MLR %
1978							
1st qtr.	24.3	23.8	-17.5	+1,811	1,049	1,373	61
2nd qtr.	10.1	15.0	24.5	+2,890	694	1,306	10
3rd qtr.	17.2	8.3	8.6	+591	748	1,541	10
4th qtr.	15.1	13.0	-8.7	+1,875	878	1,578	12
1979							
1st qtr.	7.2	10.1	32.7	+1,672	777	1,586	13
Jan.	14.6	18.9	21.2	+801	289	525	13
Feb.	17.6	2.06	24.1	+1,089	231	531	14
March	7.2	10.1	32.7	-263	257	530	13
April	16.8	7.2	19.1	+846	343	572	12
May	12.9	7.9	20.6	+945	309	624	12
June							14

**INFLATION**—Indices of earnings (Jan. 1978=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings %	Basic matls. %	Wholesale %	RPI* %	Foodst %	FT* comdy. Strig.
1978						
2nd qtr.	129.9	146.3	151.8	196.8	203.8	242.27
3rd qtr.	133.2	144.9	154.8	199.2	206.2	253.74
4th qtr.	136.4	147.1	157.3	202.6	208.0	257.69
1979						
1st qtr.	140.2	152.2	161.6	208.9	218.8	268.83
2nd qtr.	160.5	167.9				293.55
Jan.	135.7	150.8	160.0	207.2	217.5	260.63

\* Not seasonally adjusted; † Reserves: now revalued annually, new estimates.

**MINING NEWS**

Companies and Markets

**Noranda has a buoyant first half, but . . .**

BY KENNETH MARSTON, MINING EDITOR

CANADA'S Noranda base-metal giant has been riding the crest of the wave so far this year after the difficult times of 1978, but now faces cooler conditions. Even so, the full outcome to 1979 should still mean that the year will be the first "really satisfactory" one since 1974. Second quarter results now announced are of a profit of C\$87.2m (\$28.1m), equal to C\$2.43 per share. They make a half-year total of C\$140.3m, or C\$3.08 per share, which exceeds the full 1978 total of C\$135.2m. Shareholders get their reward with another increased quarterly dividend of 70 cents which follows the previous four quarterly payments of 60 cents, 50 cents, 40 cents, and 30 cents, respectively. Noranda also proposes a three-for-one share split. During the 1979 second quarter copper income eased in line with lower metal prices. But there were improved earnings from other mining operations, notably in zinc, lead, molybdenum and precious metals. Manufacturing earnings continued to rise owing to a "reasonably good" demand for domestic products and a strong performance by Noranda Aluminum in the U.S.; the aluminum operation was temporarily closed with a loss of C\$11.2m in 1978. Noranda says that the outlook for the rest of this year is uncertain. On the favourable side there is the resumption of production at the Gaspé copper operations in Quebec following the eight-month strike and the

improved taxation structure for Sasatchewan potash producers. On the other hand, markets for primary products may be affected by the U.S. recession and doubts about the future of the 41 per cent-owned Kerr Addison's Agnew Lake uranium venture. Meanwhile, Noranda's Canada Wire Cable plans to acquire the stock of Fabricon Manufacturing (which operates a wire and cable manufacturing plant in Belleville, Ontario) from Felten Gailteunne Carlswerk of West Germany for an undisclosed sum.

**ISRAEL TO LIFT POTASH OUTPUT**

Israel's Dead Sea Works has decided on an expansion of its present capacity of 1.2m tonnes of potash per year to 2.1m tonnes by 1985, reports our Tel Aviv

correspondent. The expansion is to be carried out in two stages, with output to reach 1.67m tonnes in 1982. The cost of the first stage (at December 1978, prices) is put at US\$81m (£38.4m). The entire investment is to be financed from internal funds remaining after payment of dividends and royalties. The decision to near-double output has been taken in view of the increased demand for potash expected from the accelerated development of Israel's Negev desert during the next three years and the expansion of world demand for the fertiliser. State one is expected to boost exports by \$35m a year. Total exports of the Dead Sea Works are anticipated at \$130m at the beginning of the 1980s, or 100 subsidiaries are included, at \$200m.

**Strike halts Tara Mines operation**

**UNDERGROUND** work at Tara Exploration's 75 per cent-owned Tara Mines' lead-zinc operations in Ireland has been halted by an unofficial strike, but the company's concentrator plant reportedly continues in operation. The dispute centres on a bonus pay plan accepted by the company and union. Pickets were set up at the site on Tuesday morning but were withdrawn two hours later after other production workers reported for work.

Joint venture to explore for uranium in 70,000 square miles of the Pillbara-Ashburton region of Western Australia. The project will use data from the Landsat system which uses space satellite information for drilling targets. Getty will have a 60 per cent stake in the search with the remaining 40 per cent held by the Ashburton partners, ACM, Command Minerals, Nickelore and West Coast Holdings.

A company spokesman said that both lead and zinc production at the big mine in County Galway had been halted by the unofficial strike. He added that the company had caught up on some June shipments of lead which were delayed by a mechanical failure at the mine in May which took some five weeks to repair. The mine was beginning to return to normal when hit by the unofficial strike, he said, adding that lead stocks are virtually nil. Zinc shipments were unaffected by the mechanical difficulties as the company was able to draw on accumulated stocks but these are now low, the spokesman said. In May, output stood at an annual rate of around 2.3m tonnes of ore yielding around 72,000 tonnes of lead concentrates and 400,000 tonnes of zinc concentrates. Tara normally exports between 3,000 and 5,000 tonnes of lead concentrates monthly, all to Continental Europe.

Resolutions proposed at the extraordinary meeting of Roan Consolidated Mines and the meeting of the holders of the "B" ordinary shares of RCM were passed. Accordingly, Zambia Industrial and Mining Corporation has subscribed 7,407,407 new "A" shares of K4 each at a price of K5.40 per share to raise K40m (£23.5m). Proceeds will be used to repay part of the loan to RCM from the Government of Zambia of K112m. The remaining K72m of the loan will bear interest at 9 per cent from April 1, 1980, and will be repayable in 12 equal semi-annual instalments starting on July 1, 1980.

Because of the uranium deal with Vaal Reefs for the exploitation of an area over which Afrikaner Lease holds the mineral rights, the year end of the latter company has been changed from June 30 to December 31 to coincide with the year end of Vaal Reefs. Afrikaner's current financial year will therefore be an 18-month period ending December 31, 1979. An interim report covering the 12-month period ended June 30, 1979 will be issued.

**ROUND-UP**

America's Getty Oil is joining Australia's Consolidated Minerals and the Ashburton (Landsat)

**Millett's**

RESULTS IN BRIEF	1978/1979 £'000	1977/1978 £'000
Turnover	12,029	9,567
Trading Profit	1,201	603
Surplus on Disposal of Properties	56	74
Profit after Taxation	967	423
Earnings per Share	21.0p	9.4p
Dividend per Share	3.317p	—
Capital Expenditure	1,196	567
Shareholders' Funds	5,146	2,609

**Highlights from the Statement by the Chairman, Alan Millett.**

- \* Profit before taxation for the year ended 29th January, 1979, was a record £1,257 million (1977/78 £0.677 million), which exceeds the forecast at the time of the flotation of the Company in December, 1978.
- \* The total recommended dividend for 1978/79 of 3.317p per share is 10% higher than forecast.
- \* We are continuing with our policy of expansion and turnover in the current year is running at a satisfactory level. I am confident that your Company can look forward to another successful trading year.

Copies of the Annual Report and Accounts may be obtained from The Secretary:-  
Millett's Leisure Shops Limited,  
Millett House, Summerhouse Road, Moulton Park, Northampton, NN31XQ.

**Record Profits turnover and dividend**

	1979 £000's	1978 £000's
Turnover	43,072	32,998
Trading Profit before interest	4,771	3,876
Profit before Taxation	4,607	3,703
Retained Profit - to cover inflation	941	1,038
- for growth	812	1,379
Ordinary Dividend per Stock Unit of 25p (including interim paid 5th January 1979)	6.25p	3.6505p

Scrip Issue of one Ordinary Stock Unit for each Stock Unit held. In the growth trend of the last few years we have greatly strengthened our team of people, our range of products, our asset structure and our overall financial position. This gives us confidence to face the uncertainties of the economic future, and we anticipate that once again the outlook for the current year will be a source of satisfaction to our stockholders.

FLUID TRANSFER AND FILTRATION · LUBRICATION SYSTEMS  
GARAGE EQUIPMENT · COMBUSTION ENGINEERING

Copies of the Report and Accounts containing the full statement by Mr. Nigel Bennett, Chairman, may be obtained from the Secretary, Tecalemit Ltd., Old Court, Cox Green, Maidenhead, Berkshire SL6 3AQ.

**Tecalemit Limited**  
to care for it

*The whole is greater than the sum...*

M. W. Marshall is the money broking division of the Mercantile House Group.



Marshall's is a leader amongst international money brokers, with offices in London and 12 financial centres around the world.

Saturn Holdings, with its subsidiary and associated companies, provides services in related financial markets.



Saturn's services include equipment leasing consultancy and asset management and also money management through the SIMCO funds.

Mercantile House Holdings is the whole, of which Marshall's and Saturn are the two operating parts.



Mercantile House is an international group providing a wide range of complementary financial services to customers throughout the world.

**Mercantile House Holdings Limited**  
66 Cannon Street, London EC4N 6AE. Telephone: 01-236 0233

**GLOBE INVESTMENT TRUST LIMITED**

Net assets - £283,000,000  
Total return on assets employed 133.9% over five years

Objectives The over-riding objective is to provide a greater than average total return to stockholders. A wide variety of investments are held both at home and overseas. Whilst many holdings are in market leaders, any promising situation is examined, provided that the security to be purchased has a reasonable marketability. It is intended that over a period of time the percentage of the Company's assets invested overseas should be increased.

Total Return The Directors' aim is to provide stockholders with both regular increases in dividends and a growth in assets above the average. The concept of total return is now becoming more generally accepted. Your Group has achieved a total return on assets employed of 133.9 per cent over five years.

The Individual Stockholder It is to be hoped that, with the reduction in rates of tax, individuals will be encouraged to save and invest in the stock market. If they do decide to do so there is, and has been for over 100 years, an ideal vehicle to give them a widespread portfolio of investments and to reduce the risks involved - the investment trust.

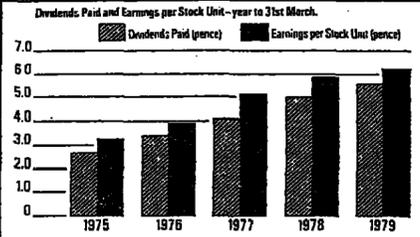
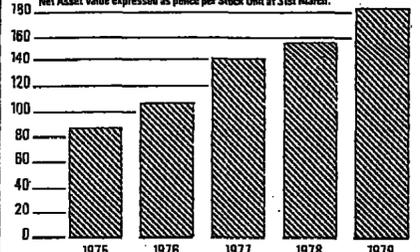
Alastair F. Roger, Governor.

\* Net earnings attributable to stockholders for the year to 31st March 1979 £9,571,449 compared with £8,580,944 in the previous year.

\* The recommended final dividend is 3.1p per stock unit making 5.6p for the year against 5.0p - an increase of 12%. This compares with the year on year increase in the Retail Price Index of just over 10%.

\* Earnings per stock unit up from 5.492p to 5.975p; an increase of 8.6%.

\* Net asset value per stock unit at 31st March 1979 was 189.2p, an increase of about 18% on the previous year's figure of 159.7p.

For a copy of the Report and Accounts for 1978/79 please write to: The Secretaries, Electra Group Services Limited, Electra House, Temple Place, Victoria Embankment, London WC2R 3HP

Name \_\_\_\_\_  
Address \_\_\_\_\_

**AN ELECTRA HOUSE COMPANY**

Richard Ellis



City of London. Average prime office rental £17.00 per sq. ft.



City of Chicago. Average prime office rental £8.80 per sq. ft.

# Chicago has a long way to grow.

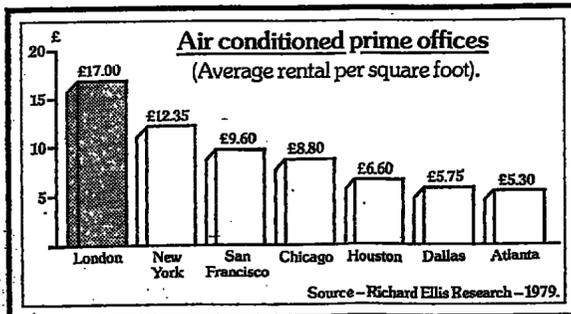
For Chicago you could also read Atlanta, Dallas, Houston and a number of other American locations.

We're not just listing names of cities, but marking out considerable opportunities for the British investor in property. Where real estate values are not simply lower than values on this side of the Atlantic, but also offer considerable potential for investment growth.

We've noted that a downturn in construction following the previous recession in the US economy has led to a heavy pre-commitment of new property space. This factor, combined with

constraints on borrowing capacity and a powerful environmental lobby, is creating an acute shortage of prime office space in many key business centres.

Richard Ellis are amongst the leading



All rentals in US are inclusive of real estate taxes and all outgoings.

property investment consultants advising a number of pension funds and institutions on their real estate portfolios. Over 24 offices in 11 countries provide an international service, and include two in the USA dealing exclusively with property investment advice. For a number of years we have been advising clients on the creation of property investment portfolios in international locations.

For more information on American or other international investment markets contact Andrew Huntley or Chris Budden at Richard Ellis, 64 Cornhill, London EC3V 3PS. Telephone: 01-283 3090.

**Richard Ellis**  
Chartered Surveyors

Redemption Notice

Electricity Supply Commission

Guaranteed Floating Rate Notes due 1982

NOTICE IS HEREBY GIVEN that there has been selected by lot for redemption on August 15, 1979, and on that date ELECTRICITY SUPPLY COMMISSION will redeem through operation of the Sinking Fund, at 100 per cent of the principal amount thereof together with interest accrued thereon to the date fixed for redemption, \$1,099,000 principal amount of Notes of the issue above designated, bearing the following serial numbers:

Table with columns for serial numbers and amounts. Includes sub-sections for 'NOTE NUMBERS WITH PREFIX LETTER M' and 'NOTE NUMBERS WITH PREFIX LETTER X'.

Table with columns for serial numbers and amounts. Includes sub-sections for 'NOTE NUMBERS WITH PREFIX LETTER X' and 'NOTE NUMBERS WITH PREFIX LETTER C'.

Table with columns for serial numbers and amounts. Includes sub-sections for 'NOTE NUMBERS WITH PREFIX LETTER C' and 'NOTE NUMBERS WITH PREFIX LETTER X'.

On August 15, 1979 the principal amount of each of the above listed Notes or portion thereof together with interest accrued thereon to the date fixed for redemption will become due and payable in U.S. Dollars, at the option of the bearer thereof or, in the case such Note is registered as principal, of the registered owner thereof, either (a) at Citibank, N.A., 200 Exchange Place, N.Y., N.Y., 10043, Municipal Trust Building, 16th Floor, or (b) subject to applicable laws and regulations at the main offices of Citibank, N.A. in Amsterdam, Frankfurt, Main, London and Paris, the main office of Citibank (Belgium) S.A. in Brussels or the main office of Citibank (Luxembourg) S.A. in Luxembourg.

Notes surrendered for redemption should have attached all unattached coupons appurtenant thereto. From and after August 15, 1979 interest will cease to accrue on the Notes (or portions thereof) herein designated for redemption, and coupons appurtenant to such Notes maturing subsequent to August 15, 1979 will be void as to the principal amount called for redemption.

For the ELECTRICITY SUPPLY COMMISSION CITIBANK, N.A. as Fiscal Agent.

July 12, 1979

NOTICE OF REDEMPTION

To the Holders of

General Motors Overseas Finance N.V.

8 3/4% Guaranteed Debentures Due 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of August 15, 1971, providing for the above Debentures, said Debentures aggregating \$1,125,000 principal amount have been selected for redemption on August 15, 1979, at the redemption price of 100% of the principal amount thereof, together with accrued interest to said date, each in the denomination of \$1,000 bearing the serial numbers with the prefix letter "M" as follows:

Outstanding Debentures bearing serial numbers ending in any of the following two digits:

20 29 59 90 95

Also Debentures bearing the following serial numbers:

5740 5840 6040 6240

Payment will be made upon presentation and surrender of the above Debentures with coupons due August 15, 1980, and subsequent coupons attached at the offices of any of the following: the corporate trust office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015, the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt and Main, London, Paris and Zurich, the main offices of Bancor Voeveler & Co., S.p.A. in Milan and Rome, the main office of Bank Mees & Hope N.V. in Amsterdam and the main office of Banque Generale du Luxembourg S.A. in Luxembourg. Coupons due August 15, 1979, should be detached and collected in the usual manner.

On and after August 15, 1979, interest shall cease to accrue on the Debentures selected for redemption.

GENERAL MOTORS OVERSEAS FINANCE N.V.

Dated: July 12, 1979

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF \$1,000 EACH

Table with columns for serial numbers and amounts.

NOTICE OF REDEMPTION

To the Holders of

NEW ZEALAND

9 1/4% Bonds due 1982

(due August 15, 1982)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected for redemption on August 15, 1979 at 100% of the principal amount thereof through operation of the Sinking Fund, \$1,050,000 principal amount of said Bonds bearing the following distinctive numbers:

OUTSTANDING COUPON BONDS OF \$1,000 EACH BEARING NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

05 09 63

ALSO OUTSTANDING COUPON BONDS OF \$1,000 EACH BEARING THE FOLLOWING NUMBERS:

5 2178 3778 6078 8778 10778 12778 15278 18278 19278 21278 23278 25278 27278 29278 31278 33278 35278 37278 39278 41278 43278 45278 47278 49278 51278 53278 55278 57278 59278 61278 63278 65278 67278 69278 71278 73278 75278 77278 79278 81278 83278 85278 87278 89278 91278 93278 95278 97278 99278

On August 15, 1979, the Bonds designated above will become due and payable at the principal amount thereof in such coin or currency of the United States of America as is legal tender for the payment thereof in public and private debts, and will be paid upon surrender thereof at the corporate trust office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015, or, at the option of the bearer but subject to any laws and regulations applicable thereto, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt, London or Paris, or Bank Mees & Hope N.V. in Amsterdam or Credit Industriel d'Alsace et de Lorraine in Luxembourg.

Bonds surrendered for redemption should have attached all unattached coupons appurtenant thereto. Coupons due August 15, 1979 should be detached and collected in the usual manner. From and after August 15, 1979 interest shall cease to accrue on the Bonds herein designated for redemption.

HER MAJESTY THE QUEEN IN RIGHT OF NEW ZEALAND

July 12, 1979

The following Bonds previously called for redemption have not as yet been presented for payment:

Table with columns for serial numbers and amounts.

Companies and Markets

BIDS and DEALS

Tricoville-Goetz merger hit by tax difficulties

TAX PROBLEMS and a possible Inland Revenue penalty of as much as £350,000 have destroyed hopes of a partial merger between Tricoville, the London clothing group, and Goetz, a Swiss group. The Inland Revenue has ruled that Tricoville has a £175,000 immediate tax liability made up of £153,000 of tax accounted for in the 1978 figures as deferred tax but now disallowed, and a £22,000 underprovision. The directors of Tricoville are satisfied that the 1978 accounts were prepared "in good faith" but it now appears that stock relief was claimed against a subsidiary which was not 75 per cent owned at the time. The tax liability is to be paid immediately together with another £45,000 which relates to the fact that a subsidiary has an early tax date. The smaller sum will be credited against tax due by the group next January. The taxation problems also give rise to a possible liability to an Inland Revenue penalty which the directors believe cannot exceed £350,000. But while this possibility exists the board does not believe the deal with Goetz should go ahead and has obtained approval for withdrawal of the deal.

Under the deal, Goetz was to have taken 40 per cent of Tricoville in return for injecting £10m into the UK group two of its German clothing subsidiaries. It is believed that the deal could be revived if an early ruling on the penalty is made by the Inland Revenue.

Dutch expansion for Rediffusion

Rediffusion, the television and telecommunications group, is to be taken over by British Electric Traction, a spending £4.25m in Holland, acquiring a company which markets electronic data processing systems in Europe. The company, Telsys Corporation, markets the systems under the name "CMC Europe". Rediffusion, which last month announced a profit plateau of £17.1m, has already paid £1.5m for Telsys; the remainder is to be paid in instalments over four years.

June 27 making holding 335,000 (8.04 per cent). Noyssara Tea Holdings—Rightwise now owns 359,715 shares and new share (95.92 per cent following completion of capitalisation issue). Colonial Securities Trust—Cornhill Insurance Co. holds 130,000 deferred stock units (5.18 per cent). Fundinvest—Edinburgh Investment Trust holds 337,500 capital shares (3.51 per cent). FMA Holdings—Globe Investment Trust is interested in 313,500 shares (5.55 per cent). Bruntons (Musselburgh)—Scottish Amicable Life Assurance Society and subsidiaries hold 405,000 shares (5.06 per cent). Flaxton (Scarborough)—F. A. Flaxton, chairman, has sold 32,216 shares. Moviem—Kuwait Investment Office has acquired an interest in a further 50,000 ordinary shares bringing their total shareholding to 1,347,500. Australian Agricultural Co.—Colonial Mutual Assurance Society is interested in 4,905,397 shares. Sotheby Parke Bernet Group—G. D. Ewelyn, director, sold 34,000 at prices between 24.5p and 33.0p between July 4 and 10. MacFarlane Group (Glasgow)—N. V. L. Barclay, director, has disposed of 33,456 allotted to him under recent scrip issue. He has become trustee for a further 22,000 shares.

Reckitt and Colman to pay £3.5m for industrial cleaning company

RECKITT AND COLMAN is expanding in the field of industrial cleaning by purchasing a private company which claims to have 15 per cent of the heavy pressure washing end of the market. Reckitt, whose own industrial division is also in industrial cleaning machines and contract cleaning, is to pay around £3.5m for the company, Warwick Pump and Engineering.

Final details of the purchase package have still to be completed, but about half is likely to be by way of an issue of Reckitt's shares, with the remainder split between cash and loan notes. Reckitt believes pressure washing—used in gaming ships, runways and other industrial applications—is a fast-growing business.

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The Deritend Stamping Company is on the point of selling its troubled Blackheath Stamping drop forging subsidiary to what is described as "another public company". Negotiations should be completed by the end of next month. In May, Deritend announced that sales had been hit by depressed demand for forging products and pre-tax profits for the year to February had fallen from £1.75m to £1.36m. The outlook for forging was said to be improving at the time the accounts were published but a "satisfactory return" could not be expected until a "more stable industrial climate prevailed in the UK automotive industry."

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PepsiCo Capital Corporation N.V. U.S. \$100,000,000 9 1/4 per cent. Guaranteed Notes due 1984. The following have agreed to subscribe or procure subscribers for the Notes: Union Bank of Switzerland (Securities) Limited, Banque Bruxelles Lambert S.A., Dillon, Read Overseas Corporation, Dresdner Bank Aktiengesellschaft, Goldman Sachs International Corporation, Salomon Brothers International. The 10,000 Notes of U.S. \$10,000 each constituting the above issue have been admitted to the Official List of The Stock Exchange. The issue price of the Notes is 100 per cent. Particulars of the Notes, the Company and the Guarantor are available from Exel Statistical Services Limited and may be obtained during normal business hours on any weekday up to and including 25th July, 1979 from: Strauss, Turnbull & Co., 3 Moorgate Place, London EC2R 6HR and The Stock Exchange, London.

The Royal Bank of Scotland Limited. U.S. \$75,000,000 Floating Rate Capital Notes due 1986 to 1994. For the three month period July 11th 1979 to October 11th 1979 The Notes will bear an interest rate of 11% per annum. Interest payable on October 11th 1979. Bankers Trust Company, London.

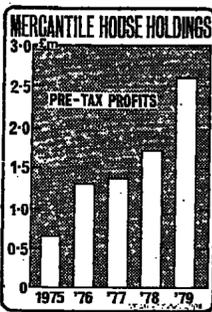
"It is a pleasure to report..." Highlights from the Statement by the Chairman, Mr. David H. Whiteley. The return to profitability mentioned in our last interim statement was maintained. Results for the year ended 31st March, 1979 show a pre-tax profit of £347,000 compared with the loss of £265,000 last year. The Directors are recommending a dividend of 1.25p on the Ordinary Shares payable on 17th August to holders registered on 17th July, 1979. Our exports have again provided almost 50% of our UK turnover. We are hopeful of maintaining a profitable situation in the current year, both at home and overseas. B.S. & W. WHITELEY LIMITED. Manufacturers of 'Elephantide' insulating pressboards and multiply papers. ELEPHANTIDE. A copy of the Full Report and Accounts may be obtained from the Secretary, Pool Paper Mills, Pool-in-Warfield, Odey, West Yorkshire LS21 1RP.

مکانم الأجرل

# Mercantile: convincing the City of success

BY JAMES BARTHOLOMEW

ON MONDAY next week, Mercantile House Holdings, a money broker, will be advertising the issue of its shares prior to getting a quotation on the London stock market. The market will take a lot of convincing because money broking is going through a testing time. R. P. Martin, the only publicly quoted broker until now, announced a slump in profits and a reduced dividend last April. The takeover of another broker, Savage and Heath, by Harlow Meyer also reflected the difficult conditions. And there is talk in the market of further mergers and rationalisations among other members of the 14-strong Foreign Exchange and Currency Deposit Brokers Association.



Mercantile will protest that it is unaffected by these tribulations, that it has every confidence in the future and, implicitly, that its model record of profits growth will continue. Should we believe in this unlikely animal, the money broker with good prospects? Money brokers are rather like stockbrokers. The main differences are that money brokers deal almost exclusively with banks, they are more internationally based and they are not allowed to buy or sell on their own behalf. The money they deal in consists pre-

dominantly of foreign exchange deposits in sterling and deposits in foreign currencies. The business is the centre of the world wholesale market in money. Over the past twelve years money brokers have grown in size dramatically, reflecting the success of London as a banking centre. Recently other centres have been making an effort to catch up and some have the advantage over London that their underlying economies are much larger. The most important growing centre at the moment is New York. Five years ago it rated well below London as a money

market but now, after some relaxation in its controls, no international broker can prosper without it.

In the days when London was enjoying its own growth phase, in the late sixties and early seventies, the market could easily support a large number of money brokers. The brokers were, after all, just an office, some telephone lines and someone on the ball with a friendly manner. But since then it has become much more serious and professional.

The banks have come to expect a better service and to pay less for it, the better service coming mainly from the large investment the brokers have made in overseas offices.

International connections enable brokers to quote the best rate of exchange or of interest from a wide variety of centres. At least three London brokers can now claim "we never close" as they have offices on the Continent, in the oil states of the Middle East, in the Far East, California and New York. Brokers who cannot supply rates from the major overseas centres are now at a significant disadvantage.

The rates have come down as the banks have looked to their costs and, as the main consumers of broking services, have put the squeeze on their suppliers. They keep over the

brokers the implied threat that if the rates are not kept down they will throw over the agreements of the past, ignore the brokers and deal directly with each other.

Mercantile House argues that it can prosper despite these difficulties. It has been in the forefront of those brokers building up an overseas network and now looks forward to reaping the reward.

It is strong in the Middle East, the Far East and America. The only major gap is in Europe where it relies on correspondents, and Japan, where only Astley and Pierce has succeeded in opening an office. Mercantile's greatest and most important strength is in New York where it bought Lasser Brothers, the biggest local brokers, in 1977.

This is now regarded in the business as the best coup of recent years. Lasser may be worth twice what Mercantile paid for it following the rise in importance of the U.S. market. Only Astley and Pierce has an association with a comparable New York company but Astley only has a 30 per cent stake whereas Mercantile owns Lasser 100 per cent.

Astley and Mercantile are the Big Two in money broking. There are three or four others in the second division, of which perhaps one or two will get



In full flow—the foreign exchange currency deposits dealing room of M. W. Marshall, main subsidiary of Mercantile House, in the City of London. Another room of almost equivalent size runs parallel to the one shown.

promotion while the others decline and are either taken over or operate in a specialised field.

It is now too late for most brokers to catch up with the majors. It is difficult to break into established markets and in some cases, like Singapore, the authorities are reluctant to let anyone else in. In the U.S. there are simply no more major local brokers left to team up with, and starting up one's own operation from scratch is almost impossible.

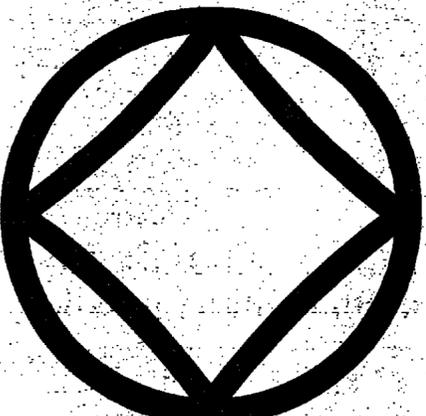
Mercantile is one of the few which did make the necessary investment early enough and so should be able to come through the current shake-out. It might even be able to take advantage

of the troubles of its competitors, buying them out to obtain skilled staff which are in short supply.

The threat of direct dealing between the banks does not frighten Mercantile since it has faced up to the reality of it in so many other parts of the world. It does not believe that any bank in the world will be prepared to put in the number of dealers and the amount of communications that it employs to keep in touch with practically the entire world money market.

The London money brokers are certainly going through a crisis, but Mercantile is among the best placed to survive and go on to greater things.

With **Rheinmetall** you're always one step ahead!



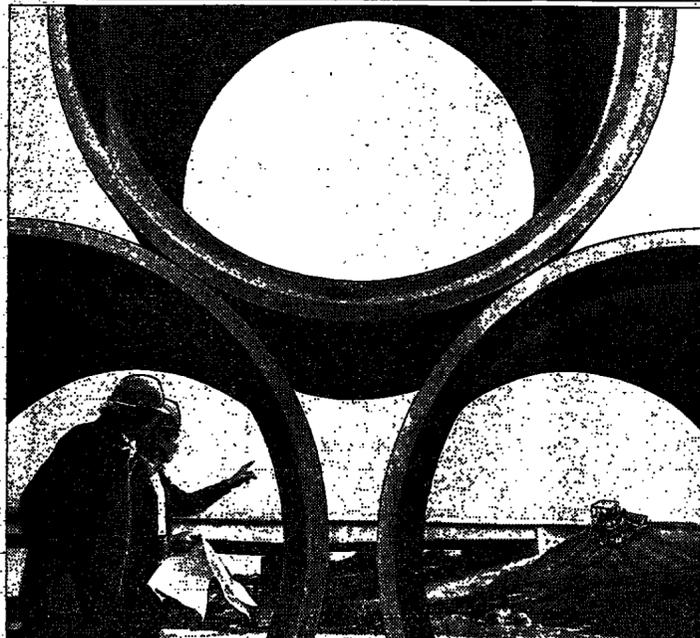
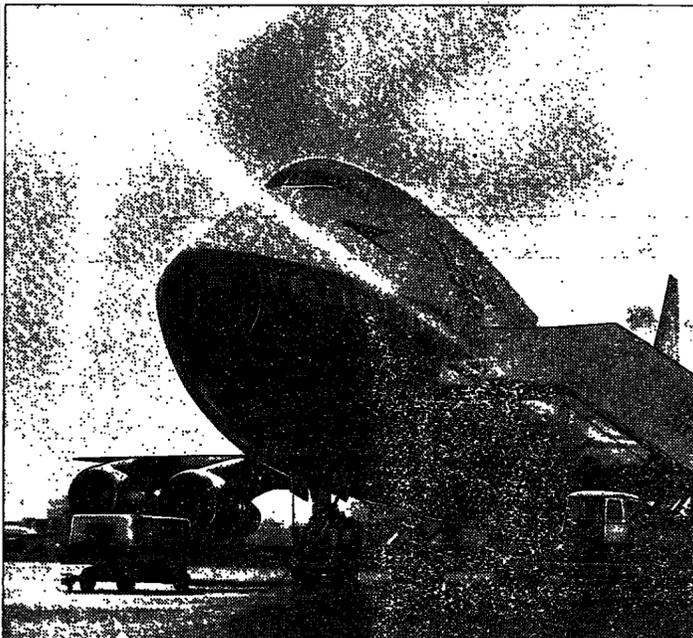
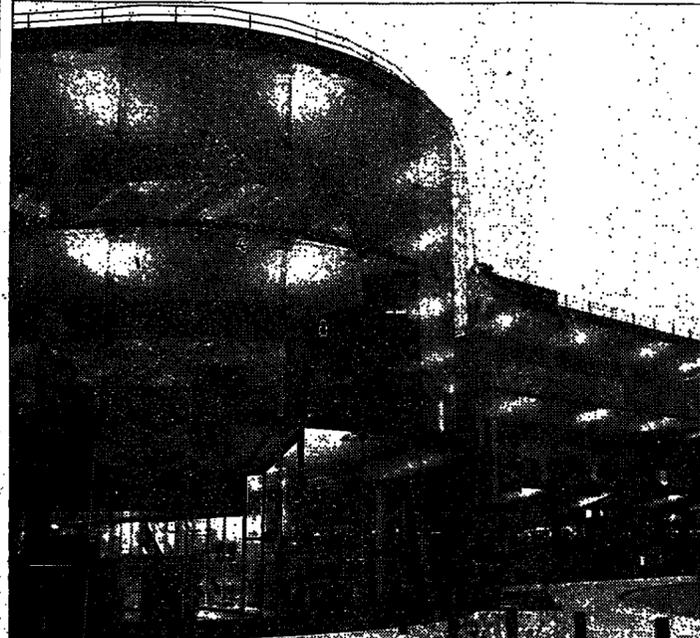
### Business Development 1978

The Rheinmetall Group	1978	1977
Total Output	Millions DM 850.6	736.1
Orders Received	Millions DM 852.1	1,217.0
Orders On Hand 31.12.	Millions DM 1,452.1	1,386.5
Investment		
Fixed Assets	Millions DM 48.8	36.2
Depreciation		
Fixed Assets	Millions DM 25.9	21.7
Work Force 31.12.	7,579	7,333

... because industrial progress brings success

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D-4000 Düsseldorf 30  
Germany  
Telephone 0211/4471

# PILKINGTON



Top left. Float glass  
Top right. High technology safety windscreens  
Bottom left. Crystal glass fibre used in manufacture glass reinforced cement  
Bottom right. Photochromic glass

## Five portraits of the company

To: The Registrar, Pilkington Brothers Ltd.,  
Prescot Road, St Helens,  
Merseyside WA10 5TT.  
Please send me a copy of the 1979  
Pilkington Annual Report.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

Financial Highlights		1979	1978
		£m	£m
Sales to outside customers		548.8	469.5
Total Group profit before taxation (including licensing income of £37.9m)		90.3	71.7
Group profit after taxation		47.6	35.4
Dividends		9.8	7.2
Profit retained in business		35.9	26.9
Earnings per share		36.7p	27.5p
Dividends per share (net)		7.9p	5.8p

For a fifth, and detailed, portrait of the Pilkington Group, you'll need this year's Annual Report. It gives the facts and figures behind a satisfactory year, in which overseas results improved, associated companies again proved a source of strength, and licensing income reached a record £38m. The uncertain effects of budget changes make it difficult to forecast the future, though demand for many products, especially in the energy conservation field, is good. For a more complete view of the Group, send off the coupon now. We'll be only too happy to put you in the picture.



How's that for enterprise!

NORTH AMERICAN NEWS

Sears pension fund trades in interest rate futures

BY DAVID LASCELLES IN NEW YORK

IN WHAT is believed to be the first such move by a major pension fund, Sears Roebuck's Investment Management Company (SIMCO) confirmed yesterday that it recently traded on the Hedging interest rate futures market.

The company manages about \$2.5bn of pension and profit-sharing funds for both the retailing giant's own employees and those of other companies. SIMCO would not say how large the trade was, but it confirmed that a basic policy decision had been taken to use the market on a long-term basis.

Interest rate futures are traded like commodities on the New York and Chicago exchanges, and are a device for hedging against interest rate fluctuations. Investors anticipating a decline in rates buy futures, those expecting a rise sell them.

However, financial futures are still in their infancy and were, until recently, confined to the Chicago commodity exchange — indeed it may be no coincidence that Sears Roebuck has its headquarters in Chicago. Last month, the two

New York commodity exchanges were authorised to start trading in them, and the New York Stock Exchange has also announced plans to start trading next year.

But though banks and speculators have begun to make heavy use of them, pension funds have been more cautious, partly because of strict legal requirements that their investments are "prudent," an epithet that many thought could not be applied to financial futures.

Sharp rise in profits for paper companies

By Our New York Staff

TWO LARGE paper companies reported sharp gains in second-quarter earnings yesterday, attributing them to the continuing strength of demand for their products.

International Paper, the largest paper-making concern in the U.S., had income of \$80.9m or \$1.68 per share, compared with \$66.9m or \$1.41 a share in the same period last year.

Mr. Stanford Smith, the chairman, said that demand had been strong for most of the company's products. But he warned that there were signs of slackening in markets directly related to food consumption and house construction.

Ready for the market battle

BY CHARLES SMITH IN TOKYO AND JOHN WYLES IN NEW YORK

FORD and Toyo Kogyo began discussing financial links as long ago as 1972, but the talks broke down because of "unacceptable" demands made by Ford for effective control of the Japanese company, according to Toyo Kogyo officials.

Discussions were resumed seriously again last year after Mr. Henry Ford II visited Japan on the way home from a tour of China.

Toyo Kogyo emphasises that the arrangement on which agreement has now been reached in no sense gives Ford control. Toyo Kogyo "may" invite a limited number of Ford directors to sit on its board.

What Toyo Kogyo does expect as a result of the tie-up, is that the business co-operation which is already under way between itself and Ford will expand substantially.

energy consuming small car market).

The Toyo Kogyo-Ford link means that all three of the big American motor manufacturers will be involved in the Japanese motor industry through capital participation from the end of this year, since GM already has a 34 per cent stake in Isuzu Motors while Chrysler owns 18

The link between Ford and Toyo Kogyo gives Ford a full Japanese hand to play against General Motors, with its 34 per cent equity stake in Isuzu and Chrysler, which has a 15 per cent stake of Mitsubishi Motors Corporation.

per cent of Mitsubishi Motors Corporation.

A feature of the links that have been established between the U.S. and Japanese industries is that smaller Japanese companies have sought, or at least accepted, American partners and, in the case of Honda, links with BT in the UK, while the industry leaders, Nissan and Toyota, have held aloof.

Mr. T. Ishihara, president of Nissan, told foreign journalists recently that he did not think Nissan and Toyota could afford to remain isolated while motor manufacturers elsewhere entered into transnational alliances.

car makers as instances of the way manufacturers of equal strength were getting together to face the competitive challenge of the 1980s.

As a starting point for a relationship between Nissan and an overseas car manufacturer, he suggested that the licensing of Nissan's "control" technology to a European manufacturer anxious to extend its sales in Japan, Japanese emission control regulations are the strictest in the world, and the Japanese motor industry has developed a correspondingly high level of technology.

As Mr. Philip Caldwell, Ford's president and vice chairman, stressed yesterday, the agreement with Toyo Kogyo offers the fulfilment of "hopes we first had back in 1969".

Ford is deeply international in its thinking and has long seen several potential advantages from taking an investment in Toyo Kogyo. Undoubtedly the most important ones are the marketing opportunities in Asia and the Pacific to be gained from having a Japanese partner. Ford projects an overall annual growth of 5.7 per cent in car demand in the Asia/Pacific area, and 6.2 per cent annual growth for trucks.

increasingly aware of the strength of the Japanese companies in the area. One of great hopes now is that it could add to its model range a penetration through distributing. Toyo Kogyo vehicle through its dealers and its own cars and trucks, through Japanese companies' outlets.

Important Ford markets the area last year were Australia, where it sold 100,000 cars to gain 22.4 per cent of market and second place. General Motors Holden, 22,000 trucks or 16.7 per cent of that market. In New Zealand, Ford is the top maker with 15,000 sales a year and 23 per cent of market and 8,000 trucks or 17 per cent of the market.

By contrast, in the Philippines, Ford sold a meagre 50 cars to take third place with 13.2 per cent of the market, 8,000 trucks and 25.3 per cent of the market.

Although its hopes are tempered by realism, Ford expects the agreement to strengthen its position in Japan where it sells last year 37 per cent of Japan's 50,000 imports.

Lastly, the Ford balance sheet will receive some help from a share in Toyo Kogyo-equity profits. One advantage of a deal which has been worked out is that Ford will not have to divert more than \$55m in cash from its hard-pressed balance sheet towards a huge model development and capital spending programme in the U.S.

Another bid for Harnischfeger

BY JOHN WYLES IN NEW YORK

THE DIRECTORS of Harnischfeger Corporation will meet today to consider a \$244.7m takeover proposal from "a major European company."

This was the only information offered in a terse announcement yesterday from the Milwaukee-based manufacturer of mining equipment. Its immediate significance appears to be that Harnischfeger has found a "White Knight" ready and willing to acquire the company for substantially more than the \$173m offered by Paccar, whose

approaches have been strongly resisted.

Paccar had no comment yesterday on the fact that an unidentified European company was offering \$27.50 per share in comparison with its own proposal of \$20 per share. For the last ten days Paccar has been unable to advance its position because of a Federal Court injunction blocking its bid on anti-trust grounds.

share than Paccar currently appears to be. With mining industries around the world growing in importance because of energy problems, Harnischfeger is seen by some analysts as headed for a recovery from its troubles of the last few years, which have caused a fall in profits from \$23.5m in 1975 to \$17.7m last year.

Its only overseas operation is in West Germany, where it acquired a subsidiary from Thyssen AG in 1974. This company has had increasing losses over the past three years.

Times Mirror in \$106m takeover

BY OUR FINANCIAL STAFF

THE LOS ANGELES-BASED newspapers and forestry concern Times Mirror Company has agreed in principle to acquire Hartford Courant Company for \$105.6m in cash and instalment notes. The offer represents a value of \$200 per

share for the 527,770 shares of Hartford Courant stock outstanding.

Hartford Courant publishes the Hartford Courant newspaper in Hartford, Connecticut. The transaction involves a cash tender offer for a minimum of

two-thirds of the outstanding stock, which will be followed by a merger agreement under the terms of which the holders of more than five Hartford Courant shares will receive instalment notes and holders of less than five shares will receive cash.

Textron fined for pay-off in Dominica

WASHINGTON — Textron pleaded guilty to having covered up a pay-off to an official of the Dominican Republic to boost sales of helicopters there by its Bell Helicopter division.

U.S. District Judge Thomas Flannery accepted the plea and fined Textron \$100,000. An additional civil penalty of \$31,670, the amount of the pay-off, must also be paid.

Warner-Lambert officials face manslaughter charge

NEW YORK — Warner-Lambert Company, the drugs, cosmetics and confectionery group, and four of its officers must face trial for manslaughter in connection with a 1976 chewing gum factory explosion that killed six workers and severely burned 55 others, an appeals court here has ruled.

The appellate division of Brooklyn supreme court voted 4-1 to restore the indictments that were dismissed in 1978.

Warner-Lambert, commenting on the ruling, said that it will contest the decision vigorously.

is believed that chemical dust used in making Fresh-Up gum was ignited.

The indictments charged manslaughter and criminally negligent homicide on the part of the company and Chief officials Arthur Kraft (59), vice president for manufacturing, Edward Harris (47), director of safety, and director James O'Mahoney (48), plant manufacturer and plant engineer John O'Rourke (50). AP-DJ

Caterpillar Tractor moves ahead

BY OUR FINANCIAL STAFF

NET INCOME of Caterpillar Tractor for the second quarter rose from \$150.2m or \$1.68 a share fully diluted to \$165.1m, \$1.84 a share on sales higher at \$2.14bn against \$1.84bn. The company said that the higher sales reflected a modest increase

in physical volume and price increases needed to cover increased costs.

For the six months, net income was \$297.4m or \$3.32 a share against \$269.6m or \$3.02 a share, while sales climbed from \$3.47bn to \$4.06bn.

EUROBONDS EIB succeeds with competitive bid issue

BY FRANCIS GHILLES

IN ITS first attempt to introduce competitive bidding for a public Eurobond issue, the European Investment Bank has succeeded in raising \$100m for 10 years. Final terms include a coupon of 9.70 per cent and a price to the borrower of 98.06.

The DM 150m eight-year bullet issue for Brazil which is being arranged by Deutsche Bank was priced yesterday at 114. It was quoted in early trading at a discount of between 1 and 1 1/2 points.

In the Swiss franc sector, Union Bank of Switzerland is arranging two bond issues for Rioch. The first is in the form of a SwFr 50m private placement of convertible bonds due in 1984 and carrying a coupon of 4 1/2 per cent. The second is in the form of a SwFr 20m private placement of straight bonds carrying a coupon of 4 1/2 per cent. A price of par has been agreed for both issues.

bond prices were slightly easier on the day, where changed, while in the Deutsch Mark sector they were mixed. This sector was virtually at a standstill as dealers waited to know whether the Bundesbank would decide to tighten credit at its meeting today. The markets have already discounted a rise of 1 point both in the German discount and Lombard rates.

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Computer groups surge ahead

BY OUR FINANCIAL STAFF

TWO LEADING U.S. computer groups, NCR and Control Data, have reported strong second quarter profit growth.

A Control Data, in the three months to June 30 contributed \$37.6m against \$24.5m a year ago and lifted the first half result to \$61.8m compared with \$40.4m. The second quarter revenue of \$772m boosted the total for the six months to \$1.5bn. The comparable figures

last year were \$66m and \$1.3bn.

Meanwhile, NCR — the cash register and small business computer specialist — has reported a 50 per cent jump in second quarter earnings to \$59.9m on revenue up from \$61.4m to \$71.7m. This surge took the six-month net profit to \$89m from \$56.8m a year ago. Revenues for the period rose from \$1.12bn to \$1.31bn.

Last February, Mr. Willie Norris, Control Data's chairman, indicated that prospects for 1979 were good despite uncertain economic outlook. When releasing the second quarter figures, the company said the outlook was still bright but that quarter to quarter fluctuations could occur. It is possible that the second quarter could be the strongest quarter this year.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns: U.S. DOLLAR STRAIGHTS, DEUTSCHE MARK STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLE BONDS, and FINANCIAL RATINGS. It lists various international bonds with their respective terms, yields, and prices.

BATTLE FOR CONTROL OF NATIONAL AIRLINES

Pan Am's chances rated highest

ON THE FACE of it the U.S. Civil Aeronautics Board appeared on Tuesday to deny the spirit of deregulation and enhanced competition with which it is now so infected.

By allowing both Pan American World Airways and Texas International Airlines (TXIA) to go ahead with their attempts to acquire National Airlines, the Board was virtually guaranteeing the disappearance of one financially strong, potentially virile competitor from an industry which is not exactly overpopulated with the type.

Implicitly, however, the Board appeared to be saying that if Congress wanted a more competitive airline market when it passed the Airline Deregulation Act last October, then the market must be left to decide the size and shape of the industry, subject to the provisions of the Federal anti-trust laws.

these routes—a point already made by a CAB administrative law judge in urging the Board to veto Eastern's proposal.

However, Judge William Dapper, another CAB judge, had reached similar conclusions about the Pan Am and TXIA routes, but on Tuesday the Board chose to differ. Mr. Marvin Cohen, the CAB chairman, flatly rejected Judge Dapper's view that a green light for TXIA and Pan Am would encourage a wave of airline mergers.

Judge Dapper had argued that the U.S.-London route was already highly concentrated with Pan Am, British Airways and Trans World Airways accounting for 95.5 per cent of the traffic in 1977. Pan Am's share was 31 per cent and would grow to 35 per cent with National's route, said the judge, constituting a breach of the Clayton Act by lessening competition.

By JOHN WYLES IN NEW YORK

potential future which was bound to be a great deal more difficult, and different from the regulated and more predictable past.

When TXIA first revealed its interest in controlling National on July 10 last year, it had already bought 9.2 per cent of the company's stock for between \$17 and \$19 per share. It has since gone on to purchase just under 25 per cent (at the insistence of the CAB placed in a non-voting trust) at an average of \$27 per share. Yet National's book value last year

which understated the value of its assets, was \$24 per share. TXIA told Judge Dapper during his hearing last October that it estimated the value of National's fleet and ancillary equipment at \$76.25 per share.

Pan Am meanwhile has calculated that to buy National's route system, and a fleet of planes to fly it would cost \$1.2bn. Yet it was able to declare its interest last August on the basis of a proposed \$35 per share offer, subsequently raised to \$50 a share or \$425m which was accepted by National's shareholders in May.

This morning Pan Am is the airline most likely to succeed in carrying off National. Its offer is in cash and supported by National's board and shareholders, while TXIA's is \$50 in cash and stock and is opposed by National. TXIA, moreover, is unlikely to find the funds to survive a bidding contest with Pan Am. But its disappointment at losing would undoubtedly be softened by a capital gain of about \$50m to be made on selling its National stock to Pan Am.

TXIA in fact has everything to gain and nothing to lose, for in the unlikely event of Eastern capturing National, the pay-off would be at least \$50 a share and could be somewhat more since the terms have already been agreed for a controlled bidding contest between Eastern and Pan Am starting at \$50.

Advertisement for FT International Bond Service, featuring a large graphic of a globe and text describing the service's offerings and contact information.

Darty holds on to high rate of growth

By Terry Dodsworth in Paris

DARTY, THE electrical consumer goods retailer group, is expected to show a 20 per cent growth rate of about 20 per cent, despite a slowdown recently in French consumer demand.

The company lived up to its reputation as one of the fastest growing enterprises in the retailing sector last year by increasing sales by 24 per cent and net profits by 19 per cent.

In the first four months of this financial year, starting at the beginning of March, sales have increased by a similar amount.

Darty is aiming to maintain its expansion by opening five new stores in the current year, to add to the 51 already operating. Investment should reach about FFr 40m (\$8.57m) the same as last year.

The results for the 1978-79 years, which ended in February, show sales rising to FFr 1.4bn against FFr 1.2bn in 1977-78, and FFr 872m in 1976-77. Net consolidated profits rose to FFr 54m from FFr 45m in 1977-78, while cash flow went up to FFr 83m against FFr 68m in 1977-78.

Last year was marked by the opening of 10 shops at sites spread around France. The company also took a majority stake in MDR, a group of three stores in Normandy.

Darty is aiming to consolidate its position in the north of France this year, particularly in the Paris and Lorraine regions, while also expanding into Provence.

Peak sales for Turkish steelmaker

By Metin Munir in Ankara

TURKEY'S largest privately owned steel and rolling mill, Izmir Metallurji Fabrikasi (Metas), has declared a record turnover for 1978. Sales were the equivalent of \$113.5m, 60 per cent higher than the previous year.

Based in Izmir, the Aegean seaport, the company, which ranks sixth among the top 50 private companies in Turkey, increased its net profit by 58 per cent to \$13m, while assets moved up to \$100m. Metas's output for 1978 is planned at 218,000 tons of rolling mill production. Overall turnover in 1979 is expected to increase by 8 per cent.

Kutlutas Holding has declared consolidated revenues from sales and construction of \$90m for 1978. This is 60 per cent higher than the previous year and a record for the Istanbul-based company.

Income after tax rose by nearly 100 per cent to \$16.5m. Kutlutas is one of Turkey's largest private ventures. Its line of activity in construction includes complete erection of plants and structural steel work. Turnover of this sector amounted to \$40.5m and is likely to increase this year.

Large orders boost Messerschmitt

By JONATHAN CARR IN BONN

AFTER MORE than doubling its net profit in 1978, Messerschmitt-Bölkow-Blom (MBB), West Germany's leading aerospace concern, is moving into the 1980s with a big investment programme and heavy order books for both military and civil work.

In keeping with the fast expansion, MBB's capital is being increased from DM 85m to DM 155m (\$84.70m). Of this, DM 25m is being drawn from reserves, the remainder from MBB's owners who include the states of Bavaria and Hamburg as well as industrial and private interests.

MBB is thus now in a good bargaining position in the complex talks going on over reorganisation of the domestic aerospace industry.

Net profit last year rose to DM 26.8m from DM 10.1m in 1977 and turnover increased to DM 2.1bn from DM 1.3bn. MBB achieved a profit-sales ratio of 1.3 per cent after 0.8 per cent in the two previous years.

Orders in hand stand at almost DM 5bn. All main sectors of MBB's activity (including military work, helicopters and space facilities) were profitable last year except for large aircraft construction and here the loss is said to have been cut against 1977.

MBB, the larger of the German partners in the consortium building the Airbus, is benefiting from the sales boom for the twin-engine airliner over the last year. But problems, including the long-term fall of the dollar (in which the Airbus is priced), appear to be putting further away the point at which the European governments backing the Airbus might start to see a return for their money.

At MBB, break-even point is now being tentatively set at around 800 aircraft delivered against earlier estimates of less than half that.

Of the total DM 1bn investment now planned by MBB to the end of 1983, DM 470m will be going to the Airbus. This is good news in particular for MBB's facilities in North Germany, an area which has tended to suffer from the slow start to Airbus sales a few years ago combined with the concentration of profitable military work in South Germany.

The military side remains buoyant with MBB sales up to DM 758m in 1978 against DM 550m a year earlier. The successes here include the Milan, Hot, Roland and Koromoran weapon systems—the first three in collaboration with the French through "Euro-missile".

On the military aircraft side, MBB (already one of the partners in the Tornado MRCA project) is setting its sights on a new tactical combat aircraft for the 1990s—the TKF-90.

Company sources describe the envisaged trilateral European co-operation on TKF-90 (West Germany, Britain and France) as an "optimal solution." But collaboration with the U.S. is not ruled out should the European option fall through.

Lufthansa to maintain dividend

By ROGER BOYES IN BONN

LUFTHANSA, the West German airline, has promised to maintain its dividend this year despite losing revenue from the grounding of the DC-10 fleet and the effects of higher oil prices.

Dr. Herbert Culmann, Lufthansa chairman, said that although costs had risen by 11 per cent in the first half compared to the same period in 1978, the net passenger and freight revenue had risen by 16 per cent.

Perhaps a more significant comparison is between May, 1978, and May this year, when kerosine price rises were starting to bite. Margins were narrowing in May but net revenue was still up by 16.6 per cent and costs by 14 per cent. About 30 per cent of the cost increase in May was because of higher fuel costs.

The grounding of the DC-10 fleet is believed to have cost Lufthansa about DM 4m a day in revenue. But Dr. Culmann at the annual general meeting indicated that actual losses were considerably below this: fuel was saved, many passengers were allocated seats on other Lufthansa aircraft and the airline used the opportunity to refit and generally overhaul the fleet in time for the peak season.

Dr. Culmann criticised bitterly for allowing the grounding to continue in the U.S. The decision was based on the false assumption that flaws had developed in a 100-hour period between two inspections and that there was thus a risk of another catastrophe.

However, Dr. Culmann said it has since been discovered that the flaw was overlooked on the first inspection and that there was no question of fatigue. On this basis, Dr. Culmann said, DC-10s should be allowed into the air again.

WEST GERMANY'S leading soft coal producer, Rheinische Braunkohle (Rheinbraun), is expecting to benefit considerably from the oil price rise this year which is likely to help stabilise coal demand at a high level.

Rheinbraun, which is almost 100 per cent owned by Rheinisch Westfälisches Elektrizitätswerke (RWE) the country's largest supplier of electricity, believes that the oil price rise will lead to an increased demand for electricity (and perhaps higher prices) which will in turn create a need for more brown coal.

Bank survey underlines Swiss currency impact

By JOHN WICKS IN ZURICH

A SURVEY by a major Swiss bank underlines the adverse impact that last year's foreign exchange strength of the Swiss currency had on the sales and earnings of the country's leading companies.

The survey prepared by Union Bank of Switzerland shows a 3 per cent decline of group sales of the 100 leading Swiss industrial undertakings to a total of SwFr 92bn, despite a 5 per cent increase in some SwFr 30bn in the turnover of the reporting companies' domestic operations.

Of the 14 industrial concerns with more than SwFr 1bn annual turnover, only three showed a rise in sales in terms of Swiss francs in 1978, although numerous groups experienced a substantial rise in local currency turnover, booked by foreign subsidiaries.

The top 100 Swiss industrial companies increased their labour force by 3 per cent to some 800,000 last year, with 285,000 working in Switzerland. Almost one half of such indus-

trial companies published profit figures which showed a drop in cash flow for 1978. There were widespread declines in net profit totals with five of the companies recording a loss for the year.

The country's top 50 trading companies showed generally better results than the industrialists, largely because they operate to a greater extent on the home market. Total sales remained stable at some SwFr 30bn. Turnover of transport and service companies varied.

In the banking sector, the leading 50 companies increased their assets by 8.1 per cent to SwFr 312bn, although combined net profits fell by 4.3 per cent. Only 17 companies involved in the survey improved their results over 1977 levels.

Gross premium income of the 30 leading insurance companies went up by 3.3 per cent to SwFr 17.8bn.

Switzerland's three big industrial groups last year were again Nestlé, with turnover of SwFr 19.53bn, Ciba-Geigy Boveri (SwFr 8.1bn), with the Alusuisse group (SwFr 4.94bn) taking over the fourth position from Hoffman-La Roche (SwFr 4.84bn).

In terms of assets the biggest Swiss banks last year were Swiss Bank Corporation (SwFr 63.24bn), Union Bank of Switzerland (SwFr 60.95bn) and Credit Suisse (SwFr 47.6bn).

The list of insurance companies is headed in terms of premium income on own account by Zurich Insurance (SwFr 2.43bn), Swiss Reinsurance with a 1977/78 total of SwFr 2.16bn and Swiss Life with SwFr 1.98bn.

Earnings static at Interfrigo

By Our Zurich Correspondent

OPERATING REVENUE of Interfrigo, the international refrigerated rail transport company owned by European railway administrations, rose from BFr 245.1m to BFr 300.4m (\$10.2m) last year, despite a fall in overall traffic to 3.95bn tonne-kilometres—the lowest level since 1969.

Interfrigo, with its registered office in Brussels but its management in Basle, recorded almost unchanged net profits of BFr 4.1m for 1978. Nearly all of this sum will be used to distribute a gross dividend of 12 per cent.

Switzerland's four biggest commercial banks—Swiss Bank Corporation, Union Bank of Switzerland, Credit Suisse and Swiss Volksbank—have announced a further reduction in their deposit interest rates.

These have been cut by 0.25 per cent to levels of 0.75 per cent for three- to five-month deposits, 1.25 per cent for six to eleven months, and 2 per cent for one-year money. The interest rates were last reduced as recently as May 31 and June 22.

Fiat and Rockwell in talks on truck link

By Rupert Cornwell in Rome

THE FIAT motor group, Italy's largest private enterprise, and Rockwell Corporation of the U.S. are in the preliminary stages of negotiations for a possible joint venture in the heavy vehicles component field.

Talks are at an early stage, and no details are available, but the joint venture, probably in Europe—if it is established—would involve Iveco, the heavy vehicle concern 50 per cent owned by Fiat and 20 per cent by Klockner-Humboldt-Deutz (KHD) of West Germany, with Rockwell.

However, Fiat last night strongly denied reports that part of the arrangement would call for the U.S. company to take an equity stake in Iveco.

The factors arguing for a deal are the familiar ones of cutting costs in the component field by rationalisation among existing manufacturers. Fiat also clearly hopes that it might draw special advantage from a pooling of its own considerable know-how and network with that of Rockwell.

Bridge group lifts capital

Rome — The consortium that plans to build a bridge to span the Straits of Messina has increased its capital by L1,000m to L1,250m.

The government is to consider preliminary plans for the bridge in the autumn and decide whether to put together a second consortium of public companies to help.

The present consortium is dominated by the state steel group Finisider with a 35 per cent shareholding and Fiat which holds 28 per cent.

Investment company law hits snags

By JIMMY BURNS IN LISBON

A DECREE law regulating the establishment in Portugal of private investment companies looks set to collide with vested political and economic interests. The looming clash threatens to prevent the first attempt since the revolution five years ago to liberalise the state-owned banking system.

The broad principles of the law were approved by the non-party government of Dr. Carlos Mota Pinto in March although the details have only begun to emerge in the past few weeks.

The law defines investment companies as "parabanking institutions." These will be allowed to grant medium and long-term credits, to promote investments, and to participate in the equity of Portuguese companies as well as joint ventures.

This broad definition, based on an original proposal from the Bank of Portugal, has drawn initial applications, the majority of them with foreign backing, from groups wishing to be defined as investment companies.

It has, however, drawn the wrath of left wing political groupings led by the Communist Party and has created considerable unease among the nationalised banks.

Now the former applicants are soft-peddalling in the face of what they regard as the restrictive nature of the law. Sr. Antonio Saldanha, a representative of a financial services company formed last year in anticipation of the investment law

by the Portuguese Industrialist Sr. Jose Manuel de Mello, Deutsche Bank and Morgan Guaranty, has criticised publicly three aspects.

The investment companies will not be able to accept short-term deposits, they will not be able to issue guarantees unless they contribute no less than 10 per cent of the registered capital, and gearing ratio between the company's total commitments and net assets will be 1:10.

Sr. Saldanha said that, taking into account present conditions in Portugal particularly the high rate of inflation, these conditions would put the investment companies at a considerable disadvantage compared to the nationalised banks. He added that until the restrictions were lifted the MDM group would be "holding back their horses."

Sr. Saldanha's views are believed to be shared by a number of business groups including a consortium of industrialists in northern Portugal. This has been co-ordinated by Sr. Artur Santos Silva the former vice governor of the Bank of Portugal and is believed to have the backing of at least two international banks.

All the applicants look upon the investment companies as a potentially useful source of finance for medium and long-term finance, particularly for small and medium-sized private concerns which are suffering from the effects of recession and which feel themselves "starved" of government credit.

Herstal turnover below budget

BRUSSELS—Fabrique Nationale Herstal, the Belgian arms manufacturing company, reports sales of BFr 6.7bn (\$227.58m) for the first half of the year, some 8 per cent below budget.

The company pointed to the slow start of its new plane engine plant, which makes motors for the General Dynamics fighter F-16, and delays in production by its sports department.

Forecasts for the second half-year remain unchanged, however, with total 1979 sales still expected to be only a few per cent below BFr 15bn. Initial company estimates put first-half cash-flow at BFr 400m, or 10 per cent short of target.

New Issue July 12, 1979

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT Washington, D.C.

DM 400,000,000 7 3/4% Deutsche Mark Bonds of 1979, due 1991

Interest: 7 3/4% p.a., payable annually on July 1
Offering Price: 100 1/4%
Repayment: on July 1, 1991 at par
Listing: at all German stock exchanges

All of these bonds having been placed, this announcement appears for purposes of record only.



- List of banks: Deutsche Bank Aktiengesellschaft, Dresdner Bank Aktiengesellschaft, Commerzbank Aktiengesellschaft, Westdeutsche Landesbank Girozentrale, etc.

US \$25,000,000 Floating Rate London-Dollar Negotiable Certificates of Deposit due July 14th, 1981 The Industrial Bank of Japan, Limited London

Weekly net asset value on July 9, 1979 Tokyo Pacific Holdings N.V. U.S. \$67.43 Tokyo Pacific Holdings (Seaboard) N.V. U.S. \$49.13 Listed on the Amsterdam Stock Exchange

VONTOBEL EUROBOOND INDICES 145.76=100% Table with columns for Price Index, Average Yield, DM Bonds, HFL Bonds, U.S. \$ Surt. Bonds, Can. Dollar Bonds

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD. 45 Cornhill, London EC3V 3PE. Tel.: 01-623 6814. Index Guide as at July 5, 1979 Capital Fixed Interest Portfolio 115.75 Income Fixed Interest Portfolio 105.00

NOTICE OF REDEMPTION

To the Holders of

Honeywell International Finance Company S.A.

6% Guaranteed Sinking Fund Debentures Due 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of February 15, 1976...

DEBENTURES OF U.S. \$1,000 EACH

Table with columns for Debenture ID, Issue Date, Maturity Date, and other details.

On August 15, 1979 the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender...

HONEYWELL INTERNATIONAL FINANCE COMPANY S.A.

By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Trustee

Dated: July 12, 1979

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF U.S. \$1,000 EACH

Table listing specific debenture numbers and amounts.

Companies and Markets INTNTL. COMPANIES

IXL launches bid for Provincial Traders

By JOHN ROGERS IN SYDNEY

THE Melbourne-based food and canning group, Henry Jones (IXL), yesterday launched an A\$28m (US\$31m) bid for Provincial Traders...

The bid, which now carries the blessing of both boards, is A\$1.65 a share for the capital not already held by IXL. It comes after two weeks of intensive discussion brought about by IXL's recent foray into the Provincial's capital...

Smorgon withdraws offer for ATL

By OUR SYDNEY CORRESPONDENT

SMORGON, the largest Australian private company, yesterday withdrew its A\$14.5m (U.S.\$10m) bid for the ailing electronic totalisator group, ATL, and immediately moved into the market for shares at A\$1.20 a share...

that company gave up its takeover aspirations. Food Investment was a subsidiary of the Canadian arm of UK-based, George Weston Food...

However, state feelings are running high against IXL—and in turn the Commercial Bank and Company of Australia, which is closely associated with IXL, is sure to call for a report on how the takeover will affect business within the state.

Understandably, IXL directors were quick to point out yesterday that although they expect significant benefits from integration and rationalisation of the two groups, this would be achieved with diminution of activities in Queensland.

A condition of the latest bid is that Provincial withhold dividend payment during the currency of the offer.

Consolidated results from Casio

TOKYO — Casio Computer Company, one of the largest manufacturers of electronic calculators in Japan that depends heavily on exports, announced yesterday that its consolidated net profit totalled ¥3,550m (\$15.38m) in the year to March 30...

This is the first time that Casio has announced consolidated earnings and there are no comparisons with the previous year. Casio said its sales overseas, accounting for 55.3 per cent of business, totalled ¥47,590m, while domestic sales were ¥37,380m.

Measures urged to stem El Al Airlines losses

By L. DANIEL IN JERUSALEM

EL AL ISRAEL Airlines will finish the 1979/80 fiscal year with a loss of \$71m and losses will rise to \$97m in 1980/81 and to \$140m the year after, unless urgent measures are taken to streamline the operations of the company.

He cited the high operating costs of the airline, disclosing that the average subsidy per

employee (of whom El Al has about 5,000 in Israel and 1,000 abroad) will cost the state £2,000 per capita in 1979-80 and this may rise to three times that amount in 1980-81. He told the Knesset the was "shocked" by what he had discovered.

The director of El Al, former airforce chief Mordechai Hod, resigned earlier this week having been plagued by frequent labour disputes.

Setron acceptances top 90%

By George Lee in Singapore

HAW PAR Brothers International has secured control of 16.09m Setron shares, representing 90.16 per cent of the issued capital of the television and electrical company.

At the close of its offer to Setron shareholders yesterday Haw Par had received acceptances covering 9,503m Setron shares.

COMPANY NOTICES

HOPE STREET FUND S.A. ANNUAL GENERAL MEETING OF SHAREHOLDERS. The Annual General Meeting of Shareholders of HOPE STREET FUND S.A. will be held at the registered office...

CONTRACTS AND TENDERS

THE HASHEMITE KINGDOM OF JORDAN CIVIL AVIATION AUTHORITY DEVELOPMENT PROJECT. STAGE 1 AND SOUTH GHOR RURAL ELECTRIFICATION. Tenders are invited for the design, manufacture, installation, delivery, erection, commissioning and maintenance of the following tender items...

MURRAY FUND S.A. ANNUAL GENERAL MEETING OF SHAREHOLDERS. The Annual General Meeting of Shareholders of MURRAY FUND S.A. will be held at the registered office...

ART GALLERIES

AGNEW GALLERY, 43 Old Broad St. W.1. An exhibition of paintings by Sir Kenneth Clark, Sir John Ruskin, Sir John Everett Millais, Sir James Watson, Sir John Lubbock, Sir John Singer Sargent, Sir John Galsworthy, Sir John Galsworthy, Sir John Galsworthy...

FELDA to expand commercial interests

By WONG SULONG IN KUALA LUMPUR

MALAYSIA'S Federal Land Development Authority, FELDA, was set up 23 years ago to give impoverished and landless farmers a viable plot of land, and it has since done "very well."

FELDA-Johore Bulklers is also doing well, and has gone on to build installations for storage of refined, as well as crude palm oil, for export.

FELDA is finalising discussions on three other projects—a rubber factory with a Swiss company, and a fertilizer plant with the Germans. Total paid-up capital of the three projects is about 30m ringgit.

The authority is the biggest consumer of fertilisers in Malaysia, spending between 80 and 90m ringgit a year.

(\$14.54m). FELDA Oil Products last year refined 44,000 tonnes of palm products worth 34m ringgit.

According to Raja Alias, the company has done "very well."

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Corporate investment

Apart from these joint ventures, FELDA, by mobilising savings from the various funds belonging to its settlers, has invested 37.7m ringgit in the corporate sector.

Most of these shares are in plantation companies, such as Highlands and Lowlands, Kuala Lumpur - Kepang, Barlow Boustead, and Batu Kawan, and were acquired when these companies restructured their equity to accommodate Bumiputra (Malay) interests.

The market value of the shares has risen appreciably since they were acquired. FELDA is also thinking of starting its own ventures.

Financial analysts have often pointed to the FELDA settlers as a prime source of funds to buy up the millions of shares in the corporate sector reserved for the Malays.

But Raja Alias stressed that FELDA's main role is still in land development and the resettlement of landless farmers.

Despite the rapid exhaustion of land for agriculture in peninsula Malaysia, he reckoned the authority (which is opening up 100,000 acres annually) will have a good 15 years before it encounters land shortage.

The Sabah Government has recently allocated 200,000 acres for FELDA and this should keep the authority occupied for the next ten years in the East Malaysian state where it plans to resettle some of the Filipino refugees on its schemes.

Primary role

However, the authority sees its primary role as developing land for settlers and is extremely profit-shy. "If we say to one of our ventures has made good profits, the settlers would think we were making the profits at their expense. Often it does not occur to them we could make money from the other end, by value added to their products," said Raja Alias FELDA's executive chairman.

Apart from marketing the settlers' produce, FELDA has three joint ventures with the private sector.

It holds a 50 per cent share in a sugar mill with Perlis Plantations in Perlis State, a 60 per cent stake in FELDA-Johore Bulklers which operates palm oil storage installations at Pasir Gudang port in Johore, and a 66 per cent equity in FELDA Oil Products which refines the authority's crude palm oil.

Total paid-up capital of these ventures is 31.5m ringgit

NATIONAL BANK OF HUNGARY (MAGYAR NEMZETI BANK) U.S. \$400,000,000 Medium-term Loan managed by Manufacturers Hanover International Group, BankAmerica International Group, Bankers Trust International Group, First Chicago Limited, Security Pacific Bank, and European American Bank and Trust Company.

The war that never ends. We British are a peaceful people. When a war is over we like to consign it to the history books—and forget it. But for some wars live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten; the widows, the orphans and the children—for them their war lives on, every day and all day. In many cases, of course, there is help from pension. But there is a limit to what any Government Department can do. This is where Army Benevolent steps in. With understanding, with a sense of urgency—and with practical, financial help. To us it is a privilege to help these brave men—and women, too. Please will you help us to do more? We must not let our soldiers down.

CURRENCIES, MONEY and GOLD

Sterling strong

Sterling continued to improve against most major currencies yesterday in response to a fairly good demand. As the likelihood of an imminent cut in MLR receded, so interest in sterling picked up once more. However, trading yesterday was rather thin and after opening at \$2.2310, sterling rose with one fairly big buyer in the market to \$2.2450. By noon, however, the rate had fallen back to \$2.2350 on profit taking and stayed there for most of the afternoon. In later trading, remarks by Mr. Michael Blumenthal, U.S. Treasury Secretary, expressing confidence in the dollar, helped the dollar to recover and sterling slipped to \$2.2290 before improving to \$2.2320-2.2330 at the close, a rise of 1 cent from figures at the end of the previous day. Using Bank of England figures, the dollar-weighted index rose to 71.2, a level which is three of the day's calculations, and compared with Tuesday's rate of 71.0. The dollar lost ground overall, despite the central bank intervention. The continuing silence of President Carter over his proposed energy speech caused concern as dealers expressed concern as to whether or not any effective measures would be taken to curb energy demand. Against the D-mark, the dollar fell to DM 1.8285 from DM 1.8350 and to SwFr 1.6355 from SwFr 1.6620 in terms of the Swiss franc. Using Bank of England figures, the dollar-weighted index fell from 84.7 to 84.4. Within the EMS, pressure started to build up on the weaker currencies, although the weakest member, the Belgian franc, stayed well within the maximum allowed divergence against the ECU. A probable rise today in key lending rates in West

THE POUND SPOT AND FORWARD. Table with columns: July 11, Day's spread, Close, One month, % p.a., Three months, % p.a.

THE DOLLAR SPOT AND FORWARD. Table with columns: July 11, Day's spread, Close, One month, % p.a., Three months, % p.a.

CURRENCY RATES and CURRENCY MOVEMENTS. Tables showing rates for Sterling, U.S. dollar, Canadian dollar, etc., and their movements.

OTHER MARKETS. Table showing rates for Argentina, Australia, Brazil, etc.

EMS EUROPEAN CURRENCY UNIT RATES. Table showing exchange rates for various European currencies against the ECU.

EXCHANGE CROSS RATES. Table showing cross rates between various currencies like Pound Sterling, U.S. Dollar, etc.

EURO-CURRENCY INTEREST RATES. Table showing interest rates for various currencies and terms.

INTERNATIONAL MONEY MARKET. Table showing interest rates for various currencies and terms.

European rates firm

Interest rates were generally firmer yesterday, with call money in Paris reaching 9 1/2 per cent from 9 per cent, its highest level since March 1978. This was in contrast to Tuesday's slightly easier trend, when funds available outstripped demand. Other periods were quoted at 9 1/2 per cent from 9 1/4 per cent for one-month, 9 1/4 per cent from 9 1/8 per cent for three-month and 10 1/4 per cent from 10 1/8 per cent for six-month. Twelve-month money rose from 10 1/4 per cent to 10 1/2 per cent at yesterday's tender of 18 month Treasury bills the yield rose sharply to 12 1/4 per cent from 9.86 per cent on June 20.

Slight fall

Gold fell back after Tuesday's record close, in the London bullion market yesterday, and closed \$1 1/2 an ounce down at \$289.290. Trading for most of the day took place within a very narrow range. However, after opening at \$290.125, the metal equalled its all time high of \$291.125.

Moderate assistance

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979). Day to day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a moderate scale. This comprised small purchases of Treasury bills and a small amount of corporation bills, both direct from the discount houses, as well as lending a small amount overnight at MLR to 3 or 4 houses. Discount houses were paying 13 1/2 per cent for secured call

UK MONEY MARKET

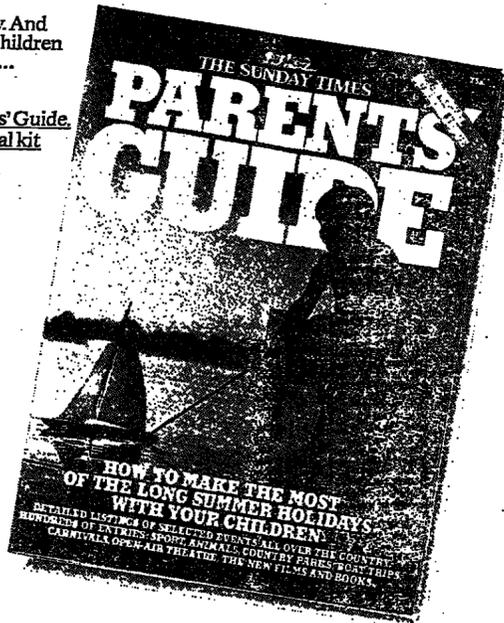
of the Bank's intention to hold a Press conference after today's particularly meeting at the Central Bank Council. This is normally the procedure followed when any changes are made, and market sources see one of the more likely steps taken as being a rise in the discount rate in order to stem the increase in domestic credit expansion. Interbank rates tended to reflect the possibility of higher rates, with one-month money rising to 6.20-6.30 per cent from 6.00-6.20 per cent and six-month money to 7.35-7.45 per cent from 7.15-7.30 per cent.

LONDON MONEY RATES. Table showing various interest rates and market data.

MONEY RATES. Table showing interest rates for various currencies and terms.

How long is it since you've enjoyed a school holiday?

Remember the school holidays? Terrific for kids and a headache for you. So if the prospect of having them under your feet for six weeks sends you charging to the medicine cabinet for an aspirin, head for your newswags instead. For The Sunday Times Parents' Guide. Wild life safaris, outdoor theatre, museums, films, canal trips, air shows, even a floating bookshop... The Sunday Times Parents' Guide is packed with a host of holiday ideas. Each one designed to keep the youngest child to the most mature teenager out of mischief. Pick up a copy now. And make sure you and your children enjoy the school holidays... for a change.



The Sunday Times Parents' Guide. The school holiday survival kit for grown-ups.

INVEST IN 50,000 BETTER TOMORROWS!

50,000 people in the United Kingdom suffer from progressively paralyzing MULTIPLE SCLEROSIS—the cause and cure of which are still unknown—HELP US BRING THEM RELIEF AND HOPE. We need your donation to enable us to continue our work for the CARE and WELFARE of MULTIPLE SCLEROSIS sufferers and to continue our commitment to find the cause and cure of MULTIPLE SCLEROSIS through MEDICAL RESEARCH.



Takeda Chemical Industries, Ltd.

Report by Mr. Shinbei Konishi, President, for the financial year ended 31st March, 1979.

The Japanese economy slowly improved during the period, stimulated by a series of reflationary measures taken by the Government. Towards the end of the period, however, the economy was aggravated by the oil situation and anxiety about inflation caused uncertainty about the future. Under such circumstances, competition continued to be keen in each field of our business and the Yen's appreciation made exports unprofitable, although the Yen did depreciate to some extent towards the end of the period. To cope with this situation we continued our steady efforts towards promoting our business, reducing costs and increasing efficiency. As a result, total sales were ¥373,019 million, 11 per cent above the previous period's record; recurring profit was ¥40,853 million and net profit was ¥13,689 million, after setting aside ¥6,500 million as a reserve for SMON compensation. All of the results considerably exceeded our expectations. The sales of the pharmaceutical division increased substantially through reinforcement of our scientific information activities and steady sales promotion. Newly introduced drugs, such as 'Celotol' (an injectable sepharospolin preparation), also contributed to the sales increase. Total export sales, though affected seriously by the Yen's appreciation, were maintained at the same level as that of the previous period due to appropriate sales policies. Further efforts are being made to strengthen our overseas activities, Laboratoires Cassenne-Takeda S.A., a joint venture with Roussel-Uclaf, France, which was established in July, 1978, commenced operations, and our other overseas subsidiaries continued to operate smoothly. Our cash flow during the period was satisfactory due to our continuous efforts to reduce receivables and stocks and our efficient utilization of funds. Capital investment increased substantially with the expansion of manufacturing facilities for new and existing products, Research facilities and facilities for product quality and safety, were also expanded. These projects are all proceeding smoothly. The above report covers the outline of our business activities during the period. Future economic conditions at home and abroad will continue to be severe due to such adverse factors as the oil situation and inflation. We intend to make every effort to develop superior products, improve product quality and safety, and to strengthen our marketing activities at home and abroad so as to maintain and better our business results. Lastly, we wish to report on the SMON problem. The first settlement was reached in October, 1977 at the Tokyo District Court and subsequently proceedings for settlement were instituted at the Tokyo, Okayama, Kochi and Osaka District Courts. Through mediation of the courts, settlement was made with a total of 565 plaintiffs as of March 31, 1979. However, subsequent to a judgement by the Kanazawa District Court in March, 1978, the Tokyo, Fukuoka and Hiroshima District Courts issued judgements against the defendants. As a result of prudent examination of these judgements, we lodged appeals with the higher courts. We sincerely desire to solve this issue completely at an early date through mediation of the courts and are determined to continue our efforts to this end. We hope that we shall be favoured with your continued understanding and assistance.

Energy sector leads early Wall St. retreat

INVESTMENT DOLLAR PREMIUM... Effective 5.2325 91% (9%)

With HEAVY selling in the recently buoyant energy group... Wall Street stocks mainly declined in a reduced but still substantial trading volume early yesterday.

The Dow Jones Industrial Average receded 6.82 to \$43.52 at 1 pm, while the NYSE All Common Index reacted 36 cents

Closing prices and market reports were not available for this edition.

to \$55.75 and falls outpaced rises by a nine-to-four margin. Turnover decreased to 24.956 shares from the previous day's 1 pm level of 30.14m.

Energy stocks backed off on dimmer prospects for decontrol of gasoline prices at the pump and Press reports about insider selling in the energy group.

The White House said late Tuesday that President Carter had decided against removing price controls on gasoline because of the expected inflationary impact.

Analysts also cited dollar weakness and renewed worries about the course of interest rates for the general downturn.

In the energy group, Exxon lost 7 to \$55.1, Mobil 1 to \$40.1

Superior Oil 1 1/2 to \$42.7, Atlantic Richfield 1 1/2 to \$67, Mesa Petroleum 1/2 to \$63 1/2 and Amerasia Hess 1/2 to \$44.

Volume leader, Pan American World Airways, moved to pursue to \$61, while Texas International Airlines put on 1/2 to \$12 on the American Stock Exchange.

The Civil Aeronautics Board is not to oppose the two airlines' plans to buy National Airlines.

National had yet to trade, but Eastern Airlines, a third seller, was unchanged at \$5. Eastern's takeover bid is still awaiting CAB review.

Harnischfeger jumped 4 1/2 to \$25 1/2 in heavy trading when it said a major European industrial company wanted to buy 8.8m of its shares at \$27.50 each.

Studebaker - Worthington added 1 1/2 to \$40 in active trading. Its management talks with a U.S. industrial concern.

The American SE Market Value Index lost 2.54 to 197.68. Volume 2.33m shares (2.35m).

Canada Most sectors continued to retreat in active trading yesterday morning, with the Toronto Composite Index declining 14.4 to 1,565.8 at mid-day.

The Oils and Gas Index fell 72.7 to 2,699.8. Metals and Minerals 15.1 to

1,326.4, and Golds 7.5 to 1,536.6. In Montreal, Utilities receded 1.75 to 331.20 and Papers 0.96 to 189.20.

Dome Petroleum shed 2 1/2 to C\$45.1, Numac Oil 1 1/2 to C\$38.1 and Gulf Canada 2 to C\$53.1.

Argus Preferred C, the most active Toronto stock on 368.27 shares, rose 2 1/2 to C\$23, while Argus Common moved up 4 to C\$33.1.

The Nikkei-Dow Jones Average, down 51.50 the previous day, rallied 30.38 to 5,207.57, while the Tokyo SE Index picked up 0.77 to 241.28.

Declining issues on the First Market section outpaced rises by 413 to 231 following another fair turnover of 320m shares (300m).

Among Trading Houses were show renewed strength were Mitsubishi, Y17 up at Y543, and Mitsuhi, Y15 higher at Y245.

Petroleum, including Nippon Oil and Teikoku Oil, also moved ahead, together with Collieries

and Non-ferrous Metals. On the other hand, export-oriented shares were predominantly lower.

Exceptions to the pattern included Thyssen, up DM 1.90, and Ruetgerswerke, down DM 1.50.

Electricals, Motors and Stores were mixed, while Banks were steady to lower.

Chemicals and Steels also made sector-wide gains, although rises for standard stocks were generally limited to DM 1.

While Glat Brocares put on FI 1.90, State Loans were higher, where changed.

Hong Kong Market leaders were mainly unchanged to slightly easier, but Property issues were in good form, helping the Hang Seng index to post a fresh gain of 3.05 to 455.24 after another fairly active trade.

Properties were well supported ahead of an impending land auction, where operators expect a record price to be reached.

Associated Hotels gained 2 1/2 cents to HK\$2.90. Cheung Kong 20 cents to HK\$12.00.

China Provident HK\$3.20 to HK\$3.20, Cosmopolitan Properties 1 1/2 cents to HK\$1.50.

Wheelock "A" provided a bright spot in the leaders, rising 7 1/2 cents to HK\$3.75 following much-improved results from its subsidiary, Lane Crawford, which added 3 cents to HK\$3.30.

However, Hong Kong Wharf declined 50 cents to HK\$33.25. Jardine Matheson 10 cents to HK\$10.80 and Swire Pacific "A" 25 cents to HK\$7.90.

Share prices were inclined to gain further ground in fairly active dealings. Brokers said institutional buying was partly responsible.

Paris Share prices were inclined to gain further ground in fairly active dealings. Brokers said institutional buying was partly responsible.

Amsterdam Share prices were inclined to gain further ground in fairly active dealings. Brokers said institutional buying was partly responsible.

Germany After an easier start, the market made an impressive recovery in some sectors to record a number of useful gains on the day among the leaders.

The market revival surprised many Bourse observers. For the past few days, stock prices have been depressed by widespread anticipation that the Bundesbank will tighten credit.

Market sources believed the recovery was due in large part to foreign buyers and domestic institutional interest, but were at a loss to explain what seems to be a rather sudden discounting of the threat of the Bundesbank's further credit squeeze.

Machine Manufacturers and Utilities fared the best, with Linde rising DM 4. RWG 3.20 and both GHH and VEW, DM 3 apiece.

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Indices

Table with columns for NEW YORK, DOW JONES, NYSE, etc. and rows for various indices and their values.

Table with columns for STANDARD AND POORS and rows for various indices and their values.

Table with columns for MONTREAL and rows for various indices and their values.

Table with columns for JOHANNESBURG and rows for various indices and their values.

Table with columns for AUSTRALIA and rows for various indices and their values.

Table with columns for TOKYO 1 and rows for various indices and their values.

Table with columns for BRUSSELS/LUXEMBOURG and rows for various indices and their values.

Table with columns for AMSTERDAM and rows for various indices and their values.

Table with columns for COPENHAGEN 1 and rows for various indices and their values.

Table with columns for VIENNA and rows for various indices and their values.

Table with columns for MILAN and rows for various indices and their values.

Table with columns for BRAZIL and rows for various indices and their values.

NEW YORK

Table listing various stocks and their prices, including Control Data, IBM, and others.

STOCK

Table listing various stocks and their prices, including Johnson & Johnson, Pfizer, and others.

STOCK

Table listing various stocks and their prices, including Revlon, Reynolds, and others.

STOCK

Table listing various stocks and their prices, including Williams, Westinghouse, and others.

STOCK

Table listing various stocks and their prices, including Woolworth, Weyerhaeuser, and others.

STOCK

Table listing various stocks and their prices, including Zenith Radio, Zenith Television, and others.

STOCK

Table listing various stocks and their prices, including SP Canada, SP USA, and others.

STOCK

Table listing various stocks and their prices, including SP Canada, SP USA, and others.

EUROPEAN OPTIONS EXCHANGE

Table listing various European options and their prices, including AKZ, AKC, and others.

BASE LENDING RATES

Table listing various base lending rates for different banks and currencies.

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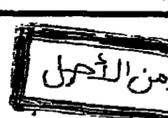
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Welsh dairy farming exodus

By Robin Reeves, Welsh Correspondent

MORE THAN 1,000 Welsh dairy producers are to give up milk production at the end of the month, according to a survey by the Farmers' Union of Wales...

Farmers bid to save Dyce bacon factory

By Our Own Correspondent

PIG PRODUCERS in North East Scotland will be asked to raise £1m to form a new company and save Lawson's of Dyce bacon factory...

Sharp drop in cocoa futures

By Our Commodities Editor

COCOA PRICES fell sharply on the London and New York futures market yesterday following heavy selling by speculators...

Fine weather boosts cereals in France

By Our Commodities Staff

REDUCTIONS in cereal yields in France are not as severe as had been thought earlier in the year, the French Ministry of Agriculture said...

Ugandan coffee crop hit by war to oust Amin

By Michael Holman in Kampala

UGANDA'S coffee production and in some cases they were set on fire. Mr. Swab Musoke, managing director of the coffee board...

Airlift planned

UGANDA has decided to airlift 30,000 tonnes of coffee to help ease what Mr. Jack Sentongo, Finance Minister...

General fall in metal markets

By Our Commodities Editor

THERE WAS a general decline in base metal prices on the London Metal Exchange yesterday, reflecting the rise in the value of sterling and gloom about future demand prospects...

Rise in world stocks forecast

By Our Commodities Staff

WORLD STOCKS of coffee on July 11 next year are expected to rise to 29.4m bags of 60 kilos...

BRITISH COMMODITY MARKETS

Table with columns for various commodities like Copper, Tin, Zinc, Lead, and their prices in London and New York.

PRICE CHANGES

Table showing price changes for various commodities such as Rubber, Soybean Meal, and Sugar.

AMERICAN MARKETS

Table showing market data for American commodities including various grades of coffee and other goods.

EUROPEAN MARKETS

Table showing market data for European commodities including various grades of coffee and other goods.

INSURANCE BASE RATES

Table listing insurance base rates for various categories like Property Growth and other risks.

PUBLIC NOTICES

City of Sheffield Bills, Corporation Bills, and other public notices regarding local government matters.

COFFEE

Robusta tendered easier through the morning as early trade on Commission was generally quiet with prices moving in a narrow range...

SOYABEAN MEAL

The London market opened with losses of 2-3c on the weak nearby cash market and continued favourable weather prospects in U.S. growing areas...

INDICES

Table showing various financial indices including Dow Jones, Financial Times, and others.

Advertisement for Prescot Commodities Ltd, featuring 'Copper' and 'Silver' sections with detailed market analysis and contact information.

Advertisement for 'Copper' and 'Silver' sections, providing market trends and contact details for Prescot Commodities Ltd.

Advertisement for 'Meat/Vegetables' and 'Wool Futures' sections, detailing commodity prices and market conditions.

Advertisement for 'Meat/Vegetables' and 'Wool Futures' sections, providing market analysis and contact information.

LONDON STOCK EXCHANGE

Companies and Markets

Renewed money supply fears reverse technical rally 30-share index falls 7.1 to 468.6 and Gilts lose 3/8

Account Dealing Dates
Option
First Declara- Last Account
Dealings Dealing Day
July 2 July 13 July 24
July 15 July 26 Aug 7
July 30 Aug 9 Aug 21
New time zone changes may take place from 9.30 am two business days earlier.

Treasury 12 per cent A 1983 closed 1/2 off at 98 1/2 after 98 1/4. There was little recovery in leading shares, however. The trading pattern was similar to that of Gilts, a succession of small sales from public holders finding buyers having gone to ground after Tuesday's technical recovery. Hoping for an early recovery, some dealers were believed to have started the day with stock on their books, but these positions were quickly cut and gave additional momentum to the decline.

Second thoughts about the proposed £70m deal with Paramount Pictures affected EMI which, at 107 1/2, gave up most of the previous day's gain of 11. Interest in GEC, Tuesday's other good feature in the leaders, also subsided and all of that day's rise of 7 was rescinded, while ICI continued to meet with further selling of employees' shares and closed 6 down 32 1/2p.

At one stage, the 30-share index looked as though it might lose considerably more than Tuesday's rise of 7 points, but the index steadied late and settled very near to Monday's closing level for a loss on the day of 7.1 at 468.6. Reflecting the general paucity of business in all markets, total bargains, at 15,962, were the lowest so far this week.

The effects of the stronger pound were resisted very again in the investment currency market. Business reached good standards with demand, representing the need to invest in U.S. securities, causing the premium to rally from a lower early rate of 26 1/2 per cent to 27 1/2 per cent.

Great Portland Estates 6 to 306p, Scottish Metropolitan came on offer and fell 5 to 118p and ahead of tomorrow's annual results, Town and City eased 4 to 183p. Other notable dull spots included Halsemere which relinquished 4 to 308p and Bernard Sunley which shed 6 to 394p.

Christie-Tyler up
Persistent small selling and the lack of investment support prompted renewed dullness in the miscellaneous Industrial Index. Bank Organisation lost 7 to 213p ahead of next Monday's interim figures, while news of a small acquisition failed to inspire Reckitt and Colman which cheapened 8 to 420p.

Oil shares closed with mixed movements, but the undertone of the market was described as firm. British Petroleum eased to 1270p before recovering to close without alteration at 1280p, but Shell traded at a quietly firm note throughout the session and finished with a gain of 4 at 37 1/2.

FINANCIAL TIMES STOCK INDICES
Table with columns: Index, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1, Year ago

HIGHS AND LOWS
Table with columns: Index, High, Low, S.E. ACTIVITY, Daily Gilt Edge, Industrial, Speculative, Total

NEW HIGHS AND LOWS FOR 1979
Table with columns: Share, High, Low, Date

RISES AND FALLS YESTERDAY
Table with columns: Index, Up, Down, Same

LONDON TRADED OPTIONS
Table with columns: Option, Ex's, Closing price, Offer, Val., Closing offer, Val., Equity close

Stores mixed
Stores plotted an irregular course in this trading. Harris Queensway found support at 185p, up 8, while MFI Furniture edged forward 2 to 168p on small buying ahead of next Wednesday's annual results.

DEALING DATES
First Last
Deal- Declara- Settle-
ings Non- ment-
July 10 July 23 Oct. 4 Oct. 16
July 24 Aug. 6 Oct. 18 Oct. 30
Aug. 7 Aug. 20 Nov. 1 Nov. 13

Options
Burmah, P & O Deferred, Ladbroke and the warrants, Premier Oil, Amalgamated Distilled Products, Status Discount, Sirdar, Lemons, Barker and Dobson and UK Properties. A put was arranged in Smith Bros, while double options were completed in Grand Met, British Land, FNFC 91 per cent loan, Spillers, Carless Capel, Hensher A, Charterhall, Premier Oil and Barker and Dobson.

Australians steady
Activity in selected Australian stocks provided the main feature of otherwise lifeless trading markets. The general tone among Australians was very steady, following firmness on the domestic markets overnight.

FT-ACTUARIES SHARE INDICES
Table with columns: Index, Wed, July 11, 1979, Tues, July 10, Mon, July 9, Fri, July 6, Thurs, July 5, Year (approx)

APPOINTMENTS
BET group executive changes

Mr. D. W. H. Smith, managing director of LESLIE AND GODWIN is to move to New York to become executive vice-president of a newly-formed reinsurance brokerage company to be called Frank B. Hall Reinsurance Inc. Stewart Wrightson Holdings and Leslie and Godwin state that by mutual arrangement Mr. P. C. Methley will relinquish his positions in the Stewart Wrightson Group to take up an appointment as hall deputy chairman and managing director of Leslie and Godwin.



Mr. Richard Bailey

ing director of Tyndall Group, will succeed Mr. Doughty as chairman and managing director of London Wall Group of Unit Trusts and Mr. D. J. Brewster and Mr. Chubb will join the board of that company.

ACTIVE STOCKS
Table with columns: Stock, Denomina- tion, Closing price, Change on day, 1979 high, 1979 low

RECENT ISSUES
Table with columns: Issue, Price, Latest, 1979, Stock, Closing price, Change, 1979 high, 1979 low

FIXED INTEREST STOCKS
Table with columns: Issue, Price, Latest, 1979, Stock, Closing price, Change, 1979 high, 1979 low

Table with columns: Index, Wed, July 11, 1979, Tues, July 10, Mon, July 9, Fri, July 6, Thurs, July 5, Year (approx)

Mr. W. M. Dravers has retired from the Board of BOULTON AND PAUL.

Dr. Alfred W. Bull has become vice-president and general manager, gas division, of AIR PRODUCTS EUROPE, and his appointment will include continued responsibility for the general management and overall co-ordination of the company's merchant and tonnage gas business throughout Europe.

Mr. M. H. Fisher, Mr. C. P. Gibson and Mr. P. M. Mayer have been appointed to the Board of PEARSON LONGMAN.

Mr. John G. Keeling has been elected president of the UNITED KINGDOM AGRICULTURAL SUPPLY TRADE ASSOCIATION. He is chairman of Elsom and of Unicorn Plant Breeders.

Mr. Richard A. Bailey has been appointed managing director of LILLY INDUSTRIES, the UK subsidiary of Eli Lilly and Co., Indianapolis, U.S.A.

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LEADERS AND LAGGARDS
Table with columns: Index, % change since Dec 28, 1978

RECENT ISSUES
Table with columns: Issue, Price, Latest, 1979, Stock, Closing price, Change, 1979 high, 1979 low

FIXED INTEREST STOCKS
Table with columns: Issue, Price, Latest, 1979, Stock, Closing price, Change, 1979 high, 1979 low

"RIGHTS" OFFERS
Table with columns: Issue, Price, Latest, 1979, Stock, Closing price, Change, 1979 high, 1979 low

Table with columns: Index, Wed, July 11, 1979, Tues, July 10, Mon, July 9, Fri, July 6, Thurs, July 5, Year (approx)

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Redemption date usually last day for dealing free of stamp duty. Figures based on prospectus or latest available information. Dividend and yield based on prospectus or other official estimates for 1979. Gross figures assumed. Government allows for conversion of shares not ranking for dividend or ranking only for restricted dividends. P. Fleming price to public. P. Pence unless otherwise indicated. Issued by way of capitalisation. P. Financial Director. P. Issued in connection with reorganisation, merger or takeover. H. Introduction. P. Issued to former preference holders. P. Allotment letters (or fully-paid). P. Preference shares. P. Issued in connection with conversion of preference shares. P. Issued to units comprising 2 income shares and 10 Capital shares at 125p per unit.







